92-2275

A	APHTON CORP	10Q	01-31-92
B	BALLISTIC RECOVERY SYSTEMS INC	10Q	03-31-92
C	BURST AGRITECH INC	10Q	02-29-92
D	CAPITAL INVESTMENT OF HAWAII INC	10Q	01-31-92
E	COMPUTER TRANSCEIVER SYSTEMS INC	10Q	01-31-92
F	EDUDATA CORP	10Q	01-31-92
G	G-III APPAREL GROUP LTD	10Q	04-30-92
H	GENLYTE GROUP INC	10Q	03-28-92
I	HARRELL INTERNATIONAL INC	10Q	06-30-91
J	INTERNATIONAL BARRIER CORP	10Q	01-31-92
K	DATA MED CLINICAL SUPPORT SERVICES INC	10Q	05-31-92
L	LEXICON CORP	10Q	02-29-92
M	MICROAGE INC	10Q	03-31-92
N	MSI ELECTRONICS INC	10Q	03-31-92
O	NATIONAL DIVERSIFIED SERVICES INC	10Q	03-31-92
P	REGIONAL EQUITIES CORP	10Q	02-29-92
Q	RMA CAPITAL FUNDING CORP	10Q	01-31-92
R	SANTA FE FINANCIAL CORP	10Q	02-29-92
S	SCIGENICS INC	10Q	02-29-92
T	SEQUENTIAL INFORMATION SYSTEMS INC	10Q	04-30-91
U	SOLECTRIC CORP	10Q	02-29-92
V	SOUTHERN KITCHENS INC	10Q	03-08-92
W	SYNETIC INC	10Q	03-31-92
X	TECHNICAL COMMUNICATIONS CORP	10Q	03-28-92
Y	U.S. ENERGY CORP	10Q	02-29-92
Z	VOLUNTEER BANCSHARES INC	10Q	03-31-92

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended January 31, 1992

Commission File Number 0-19122

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APHTON CORP.
(Exact name of registrant as specified in its charter)

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Q-Data Corp. - St. Petersburg, FL

California
(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

L3Q

26 Harter Avenue, Woodland, CA
(Address of principal executive offices)

95695
(Zip Code)

Registrant's telephone number, including area code (916) 666-2195

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ______

The number of shares of Common Stock outstanding as of the close of business on January 31, 1992:

TOTAL PAGES: 15
EXHIBIT INDEX: 13

Class	Number of Shares Outstanding
Common Stock, no par value	10,494,092

APHTON CORP.

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APHTON CORP.

Part I - Financial Information

The consolidated condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the financial statements include all adjustments necessary to present fairly the financial position of the Company as of January 31, 1992 and April 30, 1991, the results of its operations for the three months and nine months ended January 31, 1992 and 1991 and the results of its cash flows for the nine months ended January 31, 1992 and 1991. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report on Form 10-K.

APHTON CORP.

Balance sheets - January 31, 1992 and April 30, 1991

	January 31, 1992	April 30, 1991
Assets		
Cash and short-term cash investments	$ 5,254,813	$ 6,518,797
Equipment and improvements, at cost, net of accumulated depreciation and amortization	89,866	69,713
Other assets	34,212	2,212
Total assets	$ 5,378,891	$ 6,590,722
Liabilities And Stockholders' Equity		
Liabilities:		
Accounts payable and other	$ 43,325	$ 185,122
Total liabilities	43,325	185,122
Commitment		
Stockholders' Equity:		
Common stock, no par value - Authorized: 20,000,000 shares Issued: 10,497,195 shares at January 31, 1992 and 10,201,195 shares at April 30, 1991	9,071,109	8,642,359
Purchase warrants	1,574,076	1,892,826
Retained earnings (deficit)	(5,305,740)	(4,125,706)
	5,339,445	6,409,479
Less treasury stock (3,103 shares)	(3,879)	(3,879)
Total stockholders' equity	5,335,566	6,405,600
Total liabilities and stockholders' equity	$ 5,378,891	$ 6,590,722

The accompanying notes are an integral part of the financial statements.

APHTON CORP.

Statements of operations

for the three months and nine months ended January 31, 1992 and 1991

	Three Months Ended January 31, 1992	Three Months Ended January 31, 1991	Nine Months Ended January 31, 1992	Nine Months Ended January 31, 1991
Revenue:				
Dividend, interest and other	$ 68,740	$ 11,992	$ 251,712	$ 55,651
Total	68,740	11,992	251,712	55,651
Costs And Expenses:				
Research and development	526,199	242,999	1,431,746	879,820
Total costs and expenses	526,199	242,999	1,431,746	879,820
Net loss	$ (457,459)	$ (231,007)	$(1,180,034)	$ (824,169)
Net loss per common share	$(0.04)	$(0.03)	$(0.11)	$(0.09)
Weighted average number of common shares outstanding	10,442,622	9,211,306	10,345,731	9,143,227

The accompanying notes are an integral part of the financial statements.

APHTON CORP.

Statements of stockholders' equity
for the nine months ended January 31, 1992
and for the year ended April 30, 1991

	Common Stock		Treasury Stock				
	Shares	Amount	Shares	Amount	Purchase Warrants	Deficit	Total
Balance, May 1, 1990	9,022,623	$2,107,372	3,103	$(3,879)	$1,767,978	$(3,043,998)	$ 827,473
Exercise of purchase warrants	128,572	372,707	–	–	(83,152)	–	289,555
Warrants granted for services	–	–	–	–	207,000	–	207,000
Underwriter's warrants	–	–	–	–	1,000	–	1,000
Sale of stock, net of expenses	1,050,000	6,162,280	–	–	–	–	6,162,280
Net loss	–	–	–	–	–	(1,081,708)	(1,081,708)
Balance, April 30, 1991	10,201,195	8,642,359	3,103	(3,879)	1,892,826	(4,125,706)	6,405,600
Exercise of purchase warrants	296,000	428,750	–	–	(318,750)	–	110,000
Net loss	–	–	–	–	–	(1,180,034)	(1,180,034)
Balance, January 31, 1992	10,497,195	$9,071,109	3,103 *	$(3,879)	$1,574,076	$(5,305,740)	$ 5,335,566

The accompanying notes are an integral part of the financial statements.

APHTON CORP.

Statements of cash flows
for the nine months ended January 31, 1992 and 1991
Increase (decrease) in cash and short-term cash investments

	Nine Months Ended January 31,	
	1992	1991
Cash flows from operating activities:		
Cash paid to suppliers and employees	$(1,589,431)	$(632,945)
Interest and dividends received	251,712	55,651
Net cash used in operating activities	(1,337,719)	(577,294)
Cash flows from investing activities:		
Capital expenditures	(36,265)	(14,847)
Cash used in investing activities	(36,265)	(14,847)
Cash flows from financing activities:		
Sale of common stock	110,000	257,680
Cash received from financing activities	110,000	257,680
Net increase (decrease) in cash and short-term cash investments	(1,263,984)	(334,461)
Cash and short-term cash investments:		
Beginning of year	6,518,797	761,610
End of period	$5,254,813	$ 427,149

Reconciliation of net loss to net cash used in operating activities

	1992	1991
Net loss	$(1,180,034)	$(824,169)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	16,112	14,221
Warrants granted for services	–	207,000
Change in other assets	(32,000)	–
Change in accounts payable	(141,797)	25,654
Net cash used in operating activities	$(1,337,719)	$(577,294)

The accompanying notes are an integral part of the financial statements.

APHTON CORP.
Notes to the financial statements

1. Organization And Operations

Aphton Corp. ("the Company") is a biopharmaceutical company, incorporated in California in May 1981. Aphton is developing innovative and proprietary products designed to harness the capabilities of the body's immune system in an approach previously unexploited by the pharmaceutical industry. Aphton's principal products in development are for therapy and prophylaxis of certain cancers, gastrointestinal diseases and HIV (AIDS). Two products, one for treating both colorectal cancers and gastric (i.e., stomach) cancers and the other for treating chronic peptic ulcers, have successfully passed safety and efficacy tests. Regulatory agency-prescribed toxicology testing is underway. Production of the immunogens for the forthcoming clinical trials for colorectal and gastric cancers has been completed. In April 1991 the Company successfully completed an initial public offering of 1,050,000 shares of its common stock for $6,162,280, net of offering expenses. The Company intends to utilize these funds for product development, including clinical trials for certain existing products, for continuing research and for other working capital needs.

2. Summary Of Significant Accounting Policies

Principles Of Consolidation -

The financial statements for the three months and nine months ended January 31, 1991 include the accounts of the Company and its wholly-owned subsidiary, Aphton Development Corporation. All intercompany accounts have been eliminated in consolidation. Aphton Development Corporation was dissolved in fiscal 1991 and, accordingly, the financial statements at January 31, 1992 and April 30, 1991 include the accounts of the Company only. The dissolution of Aphton Development Corporation did not have a significant impact on the Company's financial position or results of operations.

Research And Development -

Research and development costs are expensed as incurred.

Equipment And Improvements -

Equipment and furniture are depreciated using accelerated methods over the estimated economic lives (5 to 7 years) of the assets. Improvements are amortized over the term of the lease using the straight-line method.

APHTON CORP.

Notes to the financial statements

Loss Per Share -

The computation of loss per share is based on the weighted average number of shares outstanding during the year. Common stock and purchase warrants issued within one year prior to the Company's initial public offering have been included in the computation for all periods presented. Other common stock equivalents are not included since their effect would be antidilutive.

Cash Equivalents -

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments, including short-term cash investments, purchased with a maturity of three months or less to be cash equivalents.

3. Equipment And Improvements

At January 31, 1992 and April 30, 1991 equipment and improvements consisted of the following:

	January 31, 1992	April 30, 1991
Laboratory equipment	$ 245,227	$ 236,847
Leasehold improvements	176,074	159,658
Office furniture and fixtures	56,112	44,643
	477,413	441,148
Less accumulated depreciation and amortization	(387,547)	(371,435)
	$ 89,866	$ 69,713

4. Investment In Limited Partnership

In December 1984 the Company, through its wholly-owned subsidiary, acquired a 1.4% general partner interest in Aphton Development Partners (ADP) formed to engage in the research and development of certain health care products. In December 1989 ADP was dissolved and the subsidiary's share in its assets, consisting of 3,103 shares of Aphton Corp.'s stock acquired as a result of an exchange agreement, were distributed to the Company's subsidiary. These shares are carried at $3,879, which was the basis of the subsidiary's general partner interest in ADP prior to the partnership's dissolution. These shares are presented as treasury stock in the financial statements.

5. Common Stock And Purchase Warrants

Common Stock -

In the nine months ended January 31, 1992, the Company sold 296,000 shares of common stock through the exercise of outstanding purchase warrants.

In April 1991 the Company successfully completed an initial public offering of 1,050,000 shares of its common stock, netting $6,162,280 after deduction of offering expenses of $1,187,720. In fiscal 1991 the Company also sold 128,572 shares of common stock through the exercise of outstanding purchase warrants.

As described in Note 4, the Company, through its wholly-owned subsidiary, acquired 3,103 shares of treasury stock at a carrying value of $3,879 in fiscal 1990.

Purchase Warrants -

In the nine months ended January 31, 1992, 36,000 warrants with an exercise price of $1.25 per share and 260,000 warrants with an exercise price of $.25 per share were exercised.

In fiscal 1991, in connection with the Company's initial public offering, 52,400 warrants were sold to the Company's underwriter for $1,000. These warrants have an exercise price of $8.40 per share.

In fiscal 1991 the Company also issued 92,000 warrants with an exercise price of $.25 per share and 37,172 warrants with an exercise price of $2.50 per share. These warrants were granted for services and to former members of an affiliated limited partnership, respectively. Warrants granted for services have been recorded at the estimated fair value of the warrants. Such warrants have been charged to expense in the periods issued.

In fiscal 1991, 103,072 warrants with an exercise price of $2.50 per share and 25,500 warrants with an exercise price of $1.25 per share were exercised.

APHTON CORP.
Notes to the financial statements

At January 31, 1992 and April 30, 1991 warrants were outstanding and exercisable for the purchase of 1,690,157 and 1,986,157 shares of common stock, respectively, at exercise prices ranging from $.25 to $24 per share, expiring at various dates through December 1, 2006.

6. License Agreement

In fiscal 1989 Johnson & Johnson Development Corporation (J&J) exercised its option under an agreement to license a certain product, for the treatment of HIV, which is now in the early stages of joint development. Under the agreement, J&J will pay the Company a percentage of the net sales revenues, as defined, from the sale of products during specified periods. J&J's rights with Aphton extend only to that product.

7. Income Taxes

At April 30, 1991 the Company had net operating loss carryforwards for financial reporting purposes of approximately $3,881,000. Net operating loss carryforwards for Federal income tax reporting purposes amounted to $2,974,000. The difference in these loss carryforwards is caused primarily by differences in reporting methods for the acquisition of limited partnerships' interests through the issuance of common stock and services paid through the issuance of stock warrants. Tax loss carryforwards expire at various dates through 2006.

Investment credit carryforwards of approximately $11,800 are available to offset future Federal income taxes and expire at various dates through 2001.

8. Operating Lease Commitment

The Company has a noncancelable lease expiring in August 1993 for laboratory facilities. The lease provides an option to renew the term for a period of three years. The minimum rental commitment is approximately $49,000 per year before effect of annual increases, which are based on increases in the consumer price index. The lease also provides for payment of real property taxes, insurance, utilities and maintenance by the Company. Rental expense for the year ended April 30, 1991 was approximately $49,000.

APHTON CORP.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Three Months and Nine Months ended January 31, 1992 and 1991

Operations for the three months and nine months ended January 31, 1992, consisted primarily of expanding Aphton sponsored research and development and preparation for the initiation of human clinical trials with Aphton's proprietary vaccine-line immunogens for the treatment of gastrointestinal cancers. The University of Nottingham in the United Kingdom and Aphton are currently engaged in the planning and design of the protocols to be used in human trials for the treatment of patients with colorectal cancers or with gastric (stomach) cancers. Regulatory agency-prescribed toxicology testing is now underway. Production of the immunogens for the forthcoming clinical trials has been completed. Aphton believes, and has budgeted accordingly, that its expenditures for research and development will increase significantly over prior years as a result of Aphton's current plan of operations. Aphton announced on February 19, 1992, that it has agreed with Ciba-Geigy, Ltd., Switzerland, on a Phase I project wherein Ciba-Geigy will test Aphton's immunogens for treatment of parasite infections in animals. Predicated on results obtained during Phase I, Aphton and Ciba-Geigy, Ltd. will negotiate later this year a further development and exclusive commercialization agreement (strategic alliance) for both farm and companion animals. While there were no operating revenues for the three months and nine months ending January 31, 1992 and 1991, dividend, interest and other income was $251,712 and $55,651 in the nine months ended January 31, 1992 and 1991, respectively. The difference is a result of larger average balances of cash and cash equivalents. Research and development costs were $1,431,746 and $879,820 in the nine months ended January 31, 1992 and 1991, respectively. As previously described, this difference relates directly to expanding research and development, and preparation for the initiation of human clinical trials with Aphton's proprietary vaccine-line immunogens. Aphton did not incur any interest expense in the three months and nine months ended January 31, 1992 or the three months and nine months ended January 31, 1991. The net loss for the three months and nine months ended January 31, 1992 increased 98% and 43% for the third quarter and first nine months of the fiscal year, respectively.

Liquidity and Capital Resources

In April 1991, Aphton successfully completed an Initial Public Offering (IPO) of 1,050,000 shares of its common stock for $6,162,280, net of offering expenses. Previously, the Company financed its operations, since inception in 1981, through the sale of equity securities and from research contracts. The Phase I project with Ciba-Geigy described above will not have an effect on Aphton's liquidity and capital resources. Aphton anticipates that its existing capital resources, which are composed primarily of cash and cash equivalents will enable it to maintain its current and planned operations through fiscal 1995.

APHTON CORP.

Part II - Other Information

Item 1. Legal Proceedings. Not applicable.

Item 2. Changes in Securities. Not applicable.

Item 3. Defaults Upon Senior Securities. Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders. Not applicable.

Item 5. Other Information. Not applicable.

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibit numbers

11.1 Computation of net loss per common and common stock equivalent for the three months and nine months ended January 31, 1992 and 1991.

b. There were no reports on Form 8-K filed during the quarter for which this report is filed.

APHTON CORP.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

Aphton Corp.

Date: February 28, 1992

By: ____________________
Philip C. Gevas
Chairman, President,
Chief Executive Officer and
Chief Financial Officer

APHTON CORP.

Reconciliation of shares outstanding for earnings per share calculations

	Three Months Ended January 31st		Nine Months Ended January 31st		
	1992	1991	1992	1991	Notes
Primary Earnings Per Share					
Balance at beginning of the period	10,352,195	9,028,343	10,201,195	9,022,623	
Weighted average of shares issued or shares reacquired during the period	78,564	94,249	132,673	31,890	
SAB Topic 4-d common stock equivalents not yet exercised	11,863	88,714	11,863	88,714	1
Weighted average-primary earnings per share	10,442,622	9,211,306	10,345,731	9,143,227	
Net loss for the period	$ (451,459)	$(231,007)	$(1,180,034)	$(824,169)	
Net loss per share for the period	$(0.04)	$(0.03)	$(0.11)	$(0.09)	
Fully Diluted Earnings Per Share					
Balance at beginning of period	10,352,195	9,028,343	10,201,195	9,022,623	
Weighted average of shares issued or shares reacquired during the period	78,564	94,249	132,673	31,890	
SAB Topic 4-d common stock equivalents not yet exercised	11,863	88,714	11,863	88,714	1
Incremental common stock equivalents from the treasury stock method		1,445,775	1,193,463	1,445,775	1,193,4632
Weighted average-primary earnings per share	11,888,397	10,404,769	11,791,506	10,336,690	
Net loss for the period	$ (457,459)	$ (231,007)	$(1,180,034)	$ (824,169)	
Net loss per share for the period	$(0.04)	$(0.02)	$(0.10)	$(0.08)	

Notes

1. Preceding the initial public offering of the Company, 103,072 shares of common stock were issued for the warrant exercise price of $2.50 per share, which was less than the proposed offering price. The Company also issued 92,000 warrants to purchase common stock at an exercise value of $0.25 per share which was less than the proposed offering price. In accordance with SAB Topic 4-d, these stocks and warrants are considered to be outstanding for all periods presented. The treasury stock method was used in determining the dilutive effect of the issue.

2. The treasury stock method was used in determining the dilutive effect of all of the other common stock equivalents which are not considered under SAB Topic 4-d above, even though the effect may be anti-dilutive.

Exhibit 11.1

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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92-22755

(Mark One)

_X_ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended March 31, 1992

Or

____ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from __________ to __________

Commission file number 0-15318

Ballistic Recovery Systems, inc.
(Exact name of registrant as specified in its charter)

Minnesota	41-1372079
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer identification number)

Registrant's telephone number, including area code (612) 457-7491

Former address: 9905 Hayward Way, So. El Monte, CA 91733

Indicate by check mark whether registant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities and Exchange Act og 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No ____

Number of registrant's $.01 par value common shares outstanding at May 27, 1992:

3,530,368 .

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PART I. FINANCIAL INFORMATION

The financial statements reflect all adjustments consisting of normal recurring accruals, which the Company considers necessary for a fair presentation of the results for the indicated periods.

Items 1. Financial Statements

Incorporated herein is the following unaudited financial information:

Balance Sheet as of March 31, 1992 and September 30, 1991.

Statement of Operations for the Three Months and Six Months Ended March 31, 1992 and 1991.

Statement of Cash Flows for the Six Months Ended Marchh 31, 1992 and 1991.

Notes to Financial Statements.

BALLISTIC RECOVERY SYSTEMS, INC.
COMPARATIVE BALANCE SHEETS
(UNAUDITED)

	MARCH 31, 1992	SEPTEMBER 30, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$56,428	$189,513
Accounts receivable - net	130,099	366,605
Inventories	177,666	410,870
Prepaid expenses	42,551	47,376
Total current assets	406,744	1,014,364
Property and equipment - net	359,409	377,277
Other assets	175,437	9,259
Total assets	$941,590	$1,400,900
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$35,400	$21,886
Accounts payable	98,823	207,273
Customer deposits	21,326	28,703
Accrued payroll	3,576	74,981
Other accrued liabilities	179,621	76,502
Total current liabilities	338,746	409,345
Long-term debt - net of current portion	341,676	361,355
Negative goodwill - net	-	127,655
Total liabilities	680,422	898,355
Shareholders' equity:		
Common stock ($.01 par value; 10,000,000 shares authorized; 3,530,368 shares outstanding)	35,304	35,304
Undesignated shares (15,000,000 authorized, no shares outstanding)	-	-
Additional paid-in capital	2,454,735	2,454,735
Accumulated deficit	(2,228,871)	(1,987,494)
Total shareholders' equity	261,168	502,545
Total liabilities and shareholders' equity	$941,590	$1,400,900

The accompanying notes are an integral part of the financial statements.

BALLISTIC RECOVERY SYSTEMS, INC.
COMPARATIVE STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,		Six Months Ended March 31,	
	1992	1991	1992	1991
Sales	$358,103	$282,674	$490,691	$502,622
Cost of sales	(200,623)	(241,311)	(367,314)	(390,069)
Gross profit	157,480	41,363	123,377	112,553
Selling, general and administative expenses	(76,339)	(114,538)	(135,256)	(187,649)
Reasearch & development	(20,750)	(2,831)	(63,006)	(6,966)
Income (loss) from operations	60,391	(76,006)	(74,885)	(82,062)
Other income (expense):				
Interest income	(2,447)	524	628	746
Interest expense	(7.954)	(5,219)	(21.690)	(10.634)
Other income - net	1,425	3,119	1,425	6,593
Income (loss) from continuing operations	51,415	(77,582)	(94,522)	(85,357)
Discontinued operations (Note 2):				
Income (loss) from operations of disc Paranetics Division	(180,944)	5,162	(244,330)	65,777
Gain on disposal of Paranetics Division	97,475	-	97,475	-
Total disc operations	(83,469)	5,162	(146,855)	65,777
Net income (loss)	($32,054)	($72,420)	($241,377)	($19,580)
Income (loss) from continuing operations per share	$0.01	($0.02)	($0.03)	($0.02)
Net income (loss) per share	($0.01)	($0.02)	($0.07)	($0.01)
Weighted average number of shares outstanding	3,530,368	3,530,368	3,530,368	3,482,433

The accompanying notes are an integral part of the financial statements.

BALLISTIC RECOVERY SYSTEMS, INC.
STATEMENT OF CASH FLOWS
(UNAUDITED)

	Six Months Ended March 31, 1992	Six Months Ended March 31, 1991
Cash flow from operating activities:		
Net income (loss)	($241,377)	($19,579)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation & amortization	15,170	13,688
Amortization of negative goodwill	-	(27,358)
Gain on disposal of equipment	-	(200)
Gain on disposal of Paranetics Division	(97,475)	-
Common stock issued as compensation	-	46,675
Change in current assets and liabilities:		
Accounts receivable	162,406	85,571
Inventories	(25,748)	85,523
Prepaid expenses	(7,725)	(48,916)
Accounts payable	(34,776)	(45,551)
Customer deposits	(7,377)	5.247
Accrued payroll	(42,228)	(34,797)
Other accrued expenses	145,841	(13,228)
Net cash provided by (used in) operating activities	(133,289)	47,075
Cash flow from investing activities:		
Purchase of equipment	(18,633)	(1,200)
Purchase of other assets	-	(4,066)
Proceeds from sale of equipment	-	200
Sale of Paranetics Division (net of cash received)	191,880	-
Notes receivable from sale of Paranetics	(166,879)	-
Net cash provided by (used in) investing activities	6,368	(5,066)
Cash flow from financing activities:		
Principal payments on debt	(6,164)	(9,211)
Net cash provided by (used in) financing activities	(6,164)	(9,211)
Increase (decrease) in cash	(133,085)	32,798
Cash-beginning of year	189,513	14,603
Cash-end of year	$56,428	$47,401

The accompanying notes are an integral part of the financial statements.

BALLISTIC RECOVERY SYSTEMS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

The financial statements as of March 31, 1992 and for the three month and six month periods ended March 31, 1992 and 1991 have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and accounting policies and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K.

2. Sale of Paranetics Division

on April 23, 1992, the Company entered into an agreement with an effective date of February 29, 1992, for the sale of the Company's parachute manufacturing division, Paranetics, to Joseph R. Little ("Little"), a former executive and director of the Company. Under terms of the sale, the Company received $103,443.67 for the net assets of the division, represented by a cash payment of $11,564.20 and a promissory note for $91,879.47 (the "Note"). In addition, the Company received $100,000 for purchase agreements to sell parachutes to third parties to which Paranetics is a party, payment of which is in the form of future purchase discounts (the "Discounts").

The Note will be secured by the inventory of Little and will accrue interest at an annual rate of 6% until March 1, 1993, at which time Little becomes obligated to make twenty-four monthly payments of $4,316.48 each. Little has the option to repay the Note in cash or by the return of Company stock or stock options held by Little. The Discounts will be applied to future parachute purchases from Little by the Company at a rate of 5% for a period not to exceed five years.

Mutual Covenants of Noncompetition were entered into as part of the sale and will remain in force for so long as the Company purchases at least 65% annually of its parachutes from Little.

The comparative statement of operations has been restated to reflect the effects of discontinued operations for enhanced comparability between periods. Revenues from the Paranetics Division were $44,986 and $427,387 for the three months ended March 31, 1992 and 1991, respectively, and $308,642 and $1,184,096 for the six months ended March 31, 1992 and 1991, respectively.

3. Other Financial Information

Inventories by major classification are:

	March 31, 1992	September 30, 1991
Raw Materials	$137,686	$318,564
Work-in-Progress	36,380	83,995
Finished Goods	3,600	8,311
Total	$177,666	$410,870

The following provides additional information concerning supplement disclosures of cash flow activity:

	Six months ended March 31, 1992	1991
Cash paid for interest	$13,036	$15,509

4. Computation of Per Share Data

The per share computation is based on the weighted average number of shares outstanding during the period.

ITEM 2. Management's Discussion: Analysis of financial condition/ Results of Operations

As a result of the divestiture of the Paranetics division in California midway through this second quarter, same period last year operations results will compare only Sport Aviation divisions.

Sales for the three months ended March 31, 1992 increased $75,429, an increase of 27%. Sales for the same period last year in Sport Aviation were $282,674. This increase in revenues resulted from higher production efficiencies, and better product marketing and sales efforts.

Gross profit rose dramatically, from 15% in the 2nd quarter 1991, to 44% in second quarter 1992. This increase in gross profit resulted from further cost cutting in materials and labor.

Significant changes in net profits also occurred, with second quarter 1992 results showing a net profit of $51,415, compared to a loss of $77,582 for the same period in 1992 as a result of streamlining of corporate overhead.

TOTAL OPERATIONS

For the three month period ending March 31, 1992, selling, general and administrative expenses decreased by $38,199 from 2nd qtr. 1991. This decrease was due to elimination of excess middle and upper management positions, and the consolidation of selling efforts.

Research and development expenses for the quarter, specifically the GARD program, increased from $2,831 in 1991, to $20,750 in 1992. This increase resulted from the full resumption and acceleration of the FAA certification processes necessary for obtaining FAA approval to sell the GARD system to certificated aircraft.

LIQUIDITY AND CAPITAL RESOURCES:

For the six months ending March 31, 1992, the company decreased its cash balances by $133,005. This decrease was the result of two factors:1) the increase in GARD expenditures of $63,000, and 2) poor operating results from the divested Paranetics division, requiring significant operations funding up until the time of the divestiture.

The sale of the Paranetics division resulted in a financial statement gain. The proceeds took the form of Notes Receivable and only $11,000 in cash. Although not a cash transaction, there should be a significant increase in future cash flows as a result of the elimination of that division's past operating losses.

OTHER INFORMATION:

On February 28,1992, BRS formally divested itself of the California based Paranetics division. The buyer in the transaction was the former CEO and board member Joseph R.Little, of Los Angeles, CA. This new company has entered into a vendor agreement that will supply BRS with various parachute canopies and other soft goods for a specified period of time at competitive market prices.

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of the Shareholders

The Company's 1991 Annual Meeting was held on March 27, 1992. At the meeting, the following were elected as directors: Thomas H. Adams, Jr., Darrel D. Brandt, Robert J. Keyport, Ronald J. Niccum and Boris Popov.

The other matter voted on and approved was to increase the number of shares subject to the 1988 nonqualified stock option plan from 200,000 to 400,000.

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits

None

(b) Reports on Form 8-K

A current report on Form 8-K dated May 7, 1992 was filed reporting under Item 2 that the Company had entered into an agreement for the sale of the Company's parachute manufacturing division, Paranetics, to Joseph R. Little, a former executive of the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALLISTIC RECOVERY SYSTEMS, INC.

By ________________________
Boris Popov
Chairman of the Board

Dated May 27, 1992

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

ER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended February 29, 1992

Commission File Number
2-66605

Burst AgriTech, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

42-141090
(IRS Employer Identification Number)

222 W. Gregory Boulevard
Suite 313
Kansas City, Missouri 64114
(Address of principal executive offices) (Zip code)

816-444-2177
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirement the past 90 days.

Yes X No __

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

42,179,639 shares of common stock, $.01 par value.

BURST AGRITECH, INC.

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Signature 10

The accompanying notes are an integral part of the financial statements.

BURST AGRITECH, INC.
PART I. FINANCIAL INFORMATION(Unaudited)

BALANCE SHEETS

ASSETS	February 29, 1992(unaudited)	November 30, 1991(unaudited)
CURRENT ASSETS		
Cash	$2,293	$9,766
Trade accounts receivable, net of allowance for doubtful accounts of $75,594 in 1991 and $75,594 in 1992	39,989	39,889
Finished goods inventory, net of allowance for obsolescence of $18,392	16,860	16,860
Total current assets	59,042	66,515
TOTAL ASSETS	$59,092	$66,515
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Debt payable to majority stockholder	$600,000	$600,000
Note payable to majority stockholder	35,000	35,000
Trade accounts payable	90	90
Accrued FICA	(54)	263
Interest payable	482,163	349,413
Total current liabilities	1,117,200	1,090,967
STOCKHOLDERS' DEFICIT:		
Common stock--authorized, 55,000,000 shares of $.01 par value; issued and outstanding, 42,179,639 shares in 1991 and 42,179,639 shares in 1990	421,796	421,796
Additional paid-in capital	2,720,284	2,720,284
Accumulated deficit	(4,166,532)	(4,049,574)
Total stockholders' deficit	(1,058,107)	(1,024,452)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$59,092	$66,515

BURST AGRITECH, INC.

STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended February 28, 1991	February 29, 1992
INCOME		
Net Sales	$250	$14,500
Miscellaneous Income	362	237
Total Income	612	14,737
Cost of Sales	2,029	77
Gross Profit	(1,417)	11,926
Operating Expenses		
General & Admin.	19,568	19,032
Selling	0	0
R & D	0	0
Depreciation & Amortization	0	0
Total Expenses	19,568	19,032
Income (loss) from operations	(20,985)	(7,106)
Other income (expense):		
Interest expense	26,554	26,550
Net income (loss)	$(47,539)	$(33,656)
Income per share	$(0)	$(0)

The accompanying notes are an integral part of the financial statements.

BURST AGRITECH, INC.

STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended February 28, 1991	Three Months Ended February 29, 1992
Cash Flows from Operating Activities:		
Net Income (Loss)	$(47,539)	$(33,656)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	1,089	-0-
Changes in Assets & Liabilities:		
Decrease (Increase) in Accounts Receivable	207	-0-
Decrease (Increase) in Inventory	-0-	-0-
Increase (Decrease) in Accounts Payable	-0-	-0-
Increase (Decrease) in Interest Payable	26,550	26,550
Increase in Other Liabilities	1,908	210
Total Adjustments	28,665	26,760
Net Cash Provided by (Used in) Operating Activities	(18,874)	(6,896)
Net Increase (Decrease) in Cash and Cash Equivalents	(18,874)	(6,896)
Cash and Cash Equivalents at Beginning of Period	26,762	9,766
Cash and Cash Equivalents at End of Period	$7,888	2,293

The accompanying notes are an integral part of the financial statements.

BURST AGRITECH, INC.

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

February 28, 1991, November 30, 1990, and February 29, 1992

1. In the opinion of the Company, the accompanying financial statements contain all adjustments (consisting of only normal, recurring accruals) necessary to present fairly its financial position at February 29, 1992 and November 30, 1991 and the results of operations and changes in financial position for the three months ended February 28, 1991 and February 29, 1992.

2. The results of operations for the three months ended February 28, 1991, and February 29, 1992, are not necessarily indicative of the results to be expected for the full year.

3. Inventories consist of the following:

	February 28, 1991	February 29, 1992
Raw materials	$ -0-	$ -0-
Finished goods	38,653	16,860
	$38,653	$16,860

4. The Company is considering an offer by Jerry Mayeux, a former employee, officer and director to the Company, to purchase the remaining assets of the Company, exclusive of receivables, for $71,000. The receivables are $52,500. At a Board of Directors meeting called for January 28, 1992, and continued thereafter the Board considered a variety of offers including that of Dr. Mayeux. The officers were directed to culminate the contemplated Mayeux transaction. It is expected that the receivables will require legal assistance to collect. In any event, the total amount to be realized by the Company will paid to the only creditor of the Company in partial payment of the $1,117,163 currently owed such creditor. No excess will be available for distribution to shareholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

The Company had net sales for the three months ended February 29, 1992 of $14,500, as compared to $250 during the same period in 1991. The fact that the Company has had no sales force for nearly four years, has spent no money on marketing for roughly the same period and the current employees of the Company are not experienced in sales of agricultural products, has resulted in the Company's sales virtually disappearing. During this four year period the Company was able to recognize some sales from a few unsolicited orders from customers of the Company who were familiar with the Company's products.

General and Administrative expenses for the three months ending February 28, 1991, were $19,568 compared to $19,032 for the same period ending February 29, 1992. These expenses primarily include costs of the Company's part-time employee, contract labor, insurance, product registration and professional fees. The Company does not believe it can further significantly reduce its expenses. The Company has advised its stock transfer agent and its accountants that it can no longer afford their respective services effective March 1, 1992.

The Company has eliminated its entire sales force and it has discontinued all research and development activities. The Company can no longer be able to afford an annual audit by an independent accountant.

The Company experienced a net loss of $47,539 for the first quarter 1991 compared to net loss of $33,656 for the first quarter ended February 29, 1992. The Company's low sales during the first quarter of 1992 caused the net loss experienced by the Company during that period.

The Company is considering an offer by Jerry Mayeux, a former employee, officer and director of the Company, to purchase all assets of the Company exclusive of receivables for $71,000. The proceeds of that sale plus any amounts realized in the collection of the receivables will be used to make a partial payment of the indebtedness to KDF. The present indebtedness to KDF is $1,117,163. There will be no excess for distribution to the shareholders. Management assumes that the majority shareholder will cause the formal liquidation of the Company but currently the Company lacks sufficient funds for such an undertaking.

Working Capital Deficiency

The Company continues to generate insufficient funds from operations to pay its current obligations, even interest on borrowed monies. At the end of the first quarter, the Company had cash of $2,293, a decrease of $7,473 from the Company's cash position at November 30, 1991.

The Company has been able to maintain its operations during the first quarter of 1992 by using its cash reserves and because of the continued forbearance by the Company's majority stockholder and principal creditor, K.D.F., a Kansas general partnership ("KDF"), in pursuing the amounts owed it by the Company.

Unless the Company increases its sales from the levels of the first quarter 1992 or KDF or another person contributes capital to the Company, the company will continue to reduce its working capital. Despite previous loans by KDF to provide the Company with needed working capital, KDF is under no obligation to make future advances of funds for the Company's working capital or to withhold demanding payment of principal and interest owed to KDF under the Company's obligations to it. The Company currently has no other source from which to borrow additional funds to be used for working capital.

The Company believes that it has sufficient working capital to continue its operations through the end of March, 1992.

Continued Operations

The Company has had no sales force since the fall of 1987 and it does not anticipate hiring anyone to solicit orders for the Company's products in order to generate sales revenues.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company has no knowledge of any material legal proceedings pending against the Company.

Item 2. Changes in Securities--None

Item 3. Defaults Under Senior Securities

The Company continues to not pay interest on its indebtedness to KDF, which constitutes a default under the terms of the Company's loans from KDF. Although entitled to do so under the terms of the loan documents, KDF has not, to date, taken any action to collect amounts owed to it by the Company. KDF has indicated to the Company that it has no present intention to attempt to collect the amounts owed to it. As of February 29, 1992, the Company owed KDF the sum of $1,117,163 in principal and accrued interest.

Item 4. Submission of Matters to a Vote of Security Holders--

The Company engaged the services of Ford, Henley, Lowman & Winans, certified public accountants, 5430 W. 61st Place, Shawnee Mission, Kansas 66205 to serve as auditor of 1991 results. That decision was not attributable to any disagreement, dispute or difference of opinion between the Company and Grant Thornton. Ford, Henley, Lowman & Winans declined to audit the 1991 results for reasons other than any disagreement, dispute or difference between it and the Company. The Company was unable to identify an independent accountant to conduct such an audit and is now unable to afford it.

Item 5. Other Matters--None

Item 6. Exhibits

Exhibit 11

BURST AGRITECH, INC.

COMPUTATION OF INCOME (LOSS) PER SHARE
(Unaudited)

Income (loss) per share is computed on the basis of the weighted average number of shares outstanding during each period, as retroactively adjusted to reflect the merger with Dawn Corporation.

	Three Months Ended	
	February 28, 1991	February 29, 1992
weighted average number of shares outstanding	42,179,639	42,179,639
Net income (loss) for the period	$(47,539)	$(33,656)
Income per share for the period	$(-0-)	$(-0-)

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BURST AGRITECH, INC.

Dated [illegible]

By____________________
Chairman, President
Chief Financial Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended January 31, 1992

Commission File Number 0-4179

CAPITAL INVESTMENT OF HAWAII, INC.
(Exact name of registrant as specified in its charter)

Hawaii
(State or other jurisdiction of Incorporation or Organization)

99-0065664
(I.R.S. Employer Identification No.)

Suite 1700, PRI Tower, 733 Bishop Street
Honolulu, Hawaii
(Address of principal executive offices)

96813
(Zip Code)

Registrant's telephone number, including area code (808) 537-3981

No Change
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X . No .

There were 1,032,683 shares outstanding of common stock, no par value, as of January 31, 1992.

PART I - FINANCIAL INFORMATION

CAPITAL INVESTMENT OF HAWAII, INC. & SUBSIDIARIES

Condensed Consolidated Balance Sheets

January 31, 1992 and July 31, 1991

	January 31, 1992 (Unaudited)	July 31, 1991
Cash and cash equivalents	$ 2,078,040	2,789,849
Marketable equity securities at cost (quoted market of $1,632,500 at January 31, 1992 and $3,752,467 at July 31, 1991)	1,423,713	3,189,084
Inventories	208,856	69,474
Receivables:		
Trade accounts and notes, less allowance for doubtful receivables of $15,498 at January 31, 1992 and July 31, 1991	1,172,212	569,016
Long-term receivables (including current installments of $688,000 at January 31, 1992 and $56,600 at July 31, 1991	2,351,182	1,742,429
Income tax refunds receivable	685,665	826,713
Total Receivables	4,209,059	3,138,158
Developed real estate, less accumulated depreciation of $153,415 at January 31, 1992 and $144,915 at July 31, 1991	137,431	745,299
Undeveloped land held for sale	134,474	126,974
Other investments	1,139,425	2,050,020
Property and equipment, at cost, less accumulated depreciation of $620,576 at January 31, 1992 and $443,453 at July 31, 1991	1,172,557	1,173,432
Deferred charges and other assets	1,198,764	1,283,827
	$11,702,319	14,566,117

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

January 31, 1992 and July 31, 1991

LIABILITIES AND STOCKHOLDERS' EQUITY

	January 31, 1992 (Unaudited)	July 31, 1991
Indebtedness (current installment maturing within one-year of $4,242,000 at January 31, 1992 and $3,612,500 at July 31, 1991:		
Debentures	$ 2,788,690	2,843,690
Mortgage notes	200,000	698,350
Other notes, unsecured	589,500	577,140
Other notes, secured	1,788,038	3,170,386
Total indebtedness	5,366,228	7,289,566
Accounts payable, trade	1,041,202	1,537,142
Accrued expenses	452,829	614,300
Deferred income tax	–	207,800
Other payables	1,085,943	1,024,896
Stockholders' equity:		
Common stock without par value Authorized 2,531,765 shares; issued 1,723,765 shares at stated value of $1 per share. (No shares reserved for conversion, warrants, options or other rights)	1,723,765	1,723,765
Additional paid-in capital	469,321	469,321
Retained earnings	5,620,518	5,756,814
	7,813,604	7,949,900
Deduct cost of common shares in treasury 691,082 at January 31, 1992 and July 31, 1991	(4,057,487)	(4,057,487)
Net stockholders' equity	3,756,117	3,892,413
	$11,702,319	14,566,117

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC.

Condensed Consolidated Statements of Operations

Three Months ended January 31, 1992 and 1991

and

Six months ended January 31, 1992 and 1991

(Unaudited)

	Three Months January 31		Six Months January 31	
	1992	1991	1992	1991
Revenues:				
Real estate sales	$ ---	636,949	$ 700,000	900,000
Net product sales	2,716,500	1,165,665	6,393,057	2,202,934
Commissions and fees	240,729	202,063	466,892	339,541
Income from investments	787,834	249,691	997,897	525,968
Miscellaneous	3,808	10,589	6,311	15,012
	3,748,871	2,264,957	8,564,157	3,983,455
Cost and expenses:				
Cost of real estate sales	---	---	601,749	---
Cost of product sales	2,016,098	706,100	5,187,458	1,300,387
Other direct operating expenses and general and administrative expenses	1,361,583	1,076,150	2,652,143	2,094,647
Interest	184,281	181,202	349,103	308,390
	3,561,962	1,963,452	8,790,453	3,703,424
Earnings (loss) before income taxes	186,909	301,505	(226,296)	280,031
Income tax benefit (provision)	(75,000)	(115,000)	90,000	(107,000)
Net earnings (loss)	111,909	186,505	$ (136,296)	173,031
Net earnings (loss) per common share	$ .11	.18	$ (.13)	.17
Dividends per common share	NONE	NONE	NONE	NONE
Weighted average number of common shares outstanding during the period	1,032,683	1,033,706	1,032,683	1,039,076

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Consolidated Statements of Retained Earnings

Six months ended January 31, 1992 and 1991

(Unaudited)

	1992	1991
Retained earnings at July 31	$ 5,756,814	6,131,506
Net earnings (loss)	(136,296)	173,031
Retained earnings at January 31	$ 5,620,518	6,304,537

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

Six months ended January 31, 1992 and 1991

(Unaudited)

	1992	1991
Net cash used in operating activities	$ (2,046,308)	(4,871,857)
Cash flows from investing activities:		
Purchase of securities	(46,173)	(2,041,624)
Proceeds from sales of securities	2,524,315	561,331
Capital expenditures	(176,248)	(113,652)
Proceeds from partnership distributions	955,943	--
Payment for purchase of certain assets of Bakery Europa, Inc., net of liabilities assumed	--	(1,276,903)
Payments on covenants not-to-compete	--	(450,000)
Net cash provided by (used in) investing activities	3,257,837	(3,320,848)
Cash flows from financing activities:		
Proceeds from issuance of indebtedness	1,032,360	3,503,429
Principal payments on indebtedness	(2,955,698)	(27,843)
Acquisition of treasury stock	--	(99,965)
Net cash provided by (used in) financing activities	(1,923,338)	3,375,621
Net decrease in cash and cash equivalents	(711,809)	(4,817,084)
Cash and cash equivalents at beginning of period	2,789,849	6,063,921
Cash and cash equivalents at end of period	$ 2,078,040	1,246,837

See accompanying notes to consolidated financial statements.

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Notes to Summarized Financial Information

(Unaudited)

(1) Basis of Information Furnished

The information furnished reflects all adjustments which are necessary in the opinion of management for a fair presentation of the results of operations for the three and six month periods ended January 31, 1992 and 1991.

(2) Net Earnings (Loss) Per Common Share

Net earnings (loss) per common share was computed by dividing the net earnings (loss) by the weighted average number of shares of common stock outstanding.

(3) Notes Receivable Sold with Recourse and Mortgage Notes Payable Assumed by Others

Under the provision of various agreements relating to their participation in mortgage notes receivables sold with recourse, the Company and its subsidiaries are committed to repurchase notes that become delinquent, as specified in the agreements, if requested to do so by the holder of the notes. At January 31, 1992, the outstanding balances of notes receivable sold that are subject to the aforementioned recourse provisions aggregated approximately $1,070,000. The Company and its subsidiaries may be subject to similar recourse provisions with respect to additional outstanding balances of notes aggregating approximately $433,000 at January 31, 1992, although management does not believe this was the intent of the parties to the agreements related to the sale of its participation in notes receivable. The mortgage notes referred to above relate to condominium unit sales in 1972 and 1973.

Management believes that if the Company is required to repurchase delinquent notes, no losses will be incurred as the proceeds from the sale of real estate securing the notes would be adequate to satisfy the related debt obligations.

In addition, the Company and its subsidiaries are contingently liable for first mortgages of aproximately $25,000 at January 31, 1992 assumed by purchasers of real estate.

(4) Supplemental Cash Flow Information of Noncash Investing Activities

In August, 1990, the Company purchased certain assets of Bakery Europa, Inc. for $1,276,903. In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired	$1,288,764
Cash paid for assets acquired	1,276,903
Liabilities assumed	$ 11,861

In connection with the acquisition, the Company entered into covenants not-to-compete with the stockholders of Bakery Europa, Inc. amounting to $977,276.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

For the six months ended January 31, 1992, the Company used $2,046,308 in cash for operating activities. Cash provided by investing activities amounted to $3,257,837 consisting primarily of $2,524,315 in proceeds from the sale of marketable securities which generated a gain on sale of $712,771, and $955,943 in partnership distributions from its 48 percent interest in Desert Creek Associates. Net cash used in financing activities totaled $1,923,338, representing the net of $2,955,698 in payments on indebtedness less $1,032,360 in proceeds from new borrowings.

At January 31, 1992, the Company held cash and cash equivalents of $2,078,040 and marketable equity securities with a market value of $1,632,500. Cash requirements for the remaining quarters of fiscal 1992 will be satisfied from either internal cash or institutional borrowing.

Results of Operations

The Company and its subsidiaries are engaged principally in the business of acquiring, developing, leasing and dealing in real estate, product sales, including bakery goods and aviation fuel, and investing in securities, which activities are subject to various factors which cause fluctuations between periods. Accordingly, the results of operations for the three and six months ended January 31, 1992 are not necessarily indicative of results to be expected for the year and are not necessarily comparable to the results of operations for the three and six months ended January 31, 1991.

Revenues for the six months ended January 31, 1992 increased $4,580,702 over the comparable period in 1991. The fluctuation is primarily attributable to an increase in product sales of $4,190,123 due mainly to the commencement of aviation fuel activities in February 1991. In addition, income from investments for the six months ended January 31, 1992 increased by $471,[illegible]29 over the comparable period in 1991. Cost and expenses for the six months ended January 31, 1992 increased $5,087,029 over the comparable period in 1991. This increase is primarily attributable to an increase in cost of real estate and product sales of $601,749 and $3,887,071, respectively. The fluctuation in cost of product sales is due mainly to the cost of aviation fuel sales in the current year.

Revenues and cost and expenses for the quarter ended January 31, 1992 increased $1,483,914 and $1,598,510, respectively over the quarter ended January 31,1991. This increase is due largely to a $1,550,835 and $1,309,998 increase in product sales and cost of product sales, respectively. The majority of this variance due to aviation fuel sales and cost of aviation fuel sales recorded in 1992.

The income tax benefit recorded for the six months ended January 31, 1992 was $90,000 compared to the income tax provision of $107,000 for the same period in 1991. This is attributable to the pretax loss experienced in the six months ended January 31, 1992 compared to the pretax income generated in the comparable period in 1991.

The income tax provision for the quarter ended January 31, 1992 was $75,000 compared to the $115,000 for the same period in 1991. The decrease in income taxes is directly related to the decrease in pretax income of $301,505 for the quarter ended January 31, 1991 to $186,909 for the comparable period in 1992.

PART II - OTHER INFORMATION

Items 1,2,3,5. None

Item 4. The following actions were taken at the annual stockholders meeting held on January 31, 1992:

a. Directors were re-elected for the year as follows:

Stuart T.K. Ho
Dean T.W. Ho
Donald M. Wong
Stanley W. Hong
Pedro Ada
C.B. Sung

b. KPMG Peat Marwick was re-elected independent auditors for the year ending July 31, 1992 by a vote of 575,514 shares in the affirmative and none in the negative.

Item 6 Exhibits and Reports on Form 8-K

a. Exhibit I - computation of net earnings (loss) per common share for three and six months ended January 31, 1992 and 1991.

b. No reports on Form 8-K were required to be filed during the quarter ended January 31, 1992.

EXHIBIT I

CAPITAL INVESTMENT OF HAWAII, INC. AND SUBSIDIARIES

Computation of Net Earnings (Loss) Per Common Share

Three months ended January 31, 1992 and 1991

and

Six months ended January 31, 1992 and 1991

(Unaudited)

	Three Months January 31,		Six Months January 31,	
	1992	1991	1992	1991
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING:				
Common shares issued	1,723,765	1,723,765	1,723,765	1,723,765
Less common shares in treasury	691,082	690,059	691,082	684,689
Weighted average shares outstanding during the period	1,032,683	1,033,706	1,032,683	1,039,076
Net earnings (loss)	$ 111,909	186,505	$ (136,296)	173,031
Net earnings (loss) per common share	$ .11	.18	$ (.13)	.17

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPITAL INVESTMENT OF HAWAII, INC.

Dated: March 12, 1992

Stuart T.K. Ho, Chairman of the Board and
President

Dated: March 12, 1992

Donald M. Wong, Senior Vice President and
Treasurer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 of 15(d)
of the Securities Exchange Act of 1934

For quarter ended January 31, 1992 Commission File Number 0-3825

Computer Transceiver Systems, Inc.

(Exact name of registrant as specified in its charter)

New York	22-1842747
(State of Incorporation)	(I.R.S. Employer Identification Number)

23 Carol Street
Clifton, New Jersey 07014
(Address of Principal Executive Offices)

Registrant's Telephone Number: (201) 473-4700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by court.

Yes X No

The number of shares outstanding of the registrant's Common Stock, par value of $.01 per share, as of January 31, 1992 was 3,452,764.

COMPUTER TRANSCEIVER SYSTEMS, INC.

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COMPUTER TRANSCEIVER SYSTEMS, INC.
Balance Sheets

	January 31, 1992 (unaudited) (note 1)	July 31,1991 (audited)
ASSETS		
Current Assets:		
Cash	$ 4,792	$ 5,945
Accounts receivable, less allowance for doubtful accounts of $2,000 at January 31, 1992 and $2,000 at July 31, 1991	160,153	96,681
Inventories	110,958	208,860
Prepaid expenses	862	850
Total Current Assets	276,765	312,336
Property and Equipment:		
Property and equipment	549,821	549,821
Less: Accumulated depreciation	543,419	540,371
Net Property and Equipment	6,402	9,450
Leased Equipment:		
Lease portfolio	207,714	211,314
Less: Accumulated amortization	207,702	207,752
Net Leased Equipment	12	3,562
Other Assets:		
Security deposits	1,650	1,650
Total Assets	$284,829	$326,998
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Current portion of long-term debt	$ -	$432,435
Accounts payable	74,165	192,205
Accrued expenses	124,963	99,020
Due to Vertex Industries, Inc.	968,614	451,103
Deferred income on service contracts	1,446	1,526
Total Current Liabilities	1,169,188	1,176,289
Stockholders' Equity (Deficit)		
Common stock, par value $.01 per share: 5,000,000 shares authorized 3,452,764 issued and outstanding at January 31, 1992 and July 31, 1991	34,911	34,911
Capital stock in excess of par value	2,750,137	2,750,137
Retained earnings (deficit)	(3,669,024)	(3,633,956)
Total	(883,976)	(848,908)
Less: Treasury Stock (38,333 shares common stock at cost)	(383)	(383)
Net Stockholders' Equity (Deficit)	(884,359)	(849,291)
Total Liabilities and Stockholders' Equity	$284,829	$326,998

The accompanying notes are an integral part of the financial statements.

COMPUTER TRANSCEIVER SYSTEMS, INC.
Statement of Operations

	Three Months Ended January 31,		Six Months Ended January 31,	
	1992	1991	1992	1991
Revenues				
Product Sales	$174,951	$113,429	$421,895	$287,437
Other Revenues	11,922	13,900	26,851	28,644
Total Revenues	186,873	127,329	448,746	316,081
Costs and Expenses				
Cost of Sales	112,107	92,280	261,074	238,831
Selling, General and Administrative	106,218	93,961	200,557	191,803
Total Costs and Expenses	218,325	186,241	461,631	430,634
Operating (Loss)	(31,452)	(58,912)	(12,885)	(114,553)
Other Income (Expenses):				
Interest Income	-	-	76	153
Interest Expense	(10,369)	(12,755)	(22,261)	(25,421)
Net Other (Expenses)	(10,369)	(12,755)	(22,185)	(25,268)
Income or (loss) before income taxes and extraordinary item	(41,821)	(71,667)	(35,070)	(139,821)
Income taxes	(2,240)	-	-	-
Income or (loss) before extraordinary item	(39,581)	(71,667)	(35.070)	(139,821)
Extraordinary item:				
Income tax benefit from carry forward of net operating losses	(1,366)	-	-	-
Net Income or (loss)	(40,947)	(71,677)	(35,070)	(139,821)
Retained Earnings (Deficit) at beginning of year	(3,628,078)	(3,463,677)	(3,633,955)	(3,395,523)
Retained Earnings (Deficit) at end of period	(3,669,025)	(3,535,344)	(3,669,025)	(3,535,344)
Net Income per share :				
Income or (loss) before income taxes and extraordinary item	$(0.01)	$(0.02)	$(0.01)	$(0.04)
Income taxes	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Extraordinary item	$ 0.00	$ 0.00	$ 0.00	$ 0.00
Net income or (loss)	$(0.01)	$(0.02)	$(0.01)	$(0.04)
Weighted Average Number of Shares	3,452,764	3,452,764	3,452,764	3,452,764

The accompanying notes are an integral part of the financial statements.

COMPUTER TRANSCEIVER SYSTEMS, INC.
Statement of Cash Flows

	SIX MONTHS ENDED January 31, 1992		January 31, 1991	
Cash Flows from Operating Activities:				
Net (loss)		$(35,068)		$(139,821)
Adjustments to Reconcile Net (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization	2,998		9,125	
(Gain) on sale of leased equipment	-		(680)	
(Increase) or decrease in operating assets:				
Accounts receivable	(63,472)		4,871	
Inventories	101,502		43,653	
Prepaid expense	(12)		(2,624)	
Increase (decrease) in operating liabilities:				
Note payable	-		26,200	
Accounts payable	(118,040)		18,772	
Accrued expenses	25,943		8,039	
Deferred income on service contracts	(80)		(902)	
Net adjustments to reconcile net (loss) to net cash provided by (used for) operating activities		(51,161)		106,454
Net cash used for operating activities:		(86,229)		(33,367)
Cash Flows from Investing Activities:				
Addition to Property and Equipment	-		-	
Sale of leased Equipment	-		680	
Net Cash provided by Investing Activities		-		680
Cash Flows from Financing Activities:				
Payment of long term debt:	-		(3,762)	
Payment of short term debt:	-		(9,284)	
Due to Vertex Industries, Inc.:	85,076		23,950	
Net Cash		85,076		10,904
Net Increase or (Decrease) in Cash		(1,153)		(21,783)
Cash at Beginning of Year		5,945		23,194
Cash at End of Period		$ 4,792		$ 1,411

The accompanying notes are an integral part of the financial statements.

COMPUTER TRANSCEIVER SYSTEMS, INC.
Notes to Financial Statements - Unaudited
January 31, 1992

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which, in the opinion of the management, are necessary for a fair statement of the results of the interim periods presented. These financial statements do not include all disclosures associated with annual financial statements, and accordingly should be read in conjunction with footnotes contained in the Company's Form 10-K Annual Report for the fiscal year ended July 31, 1991.

Note 2 - FINANCING AND TRANSACTIONS WITH VERTEX:

The Company was indebted under a secured loan from Chemical Bank in the aggregate principal amount of $422,467, plus accrued interest, on which the Company had been unable to make quarterly payments in reduction of principal. The loan was fully guaranteed by its parent company, Vertex Industries, Inc. On December 23, 1991 pursuant to agreement among the bank, the Company and Vertex Industries, Inc., the entire loan, including all accrued and unpaid interest, was paid and satisfied through a payment by Vertex of $100,000 and the issuance by Vertex of 100,000 shares of Vertex common stock. The Company and Vertex are discussing terms under which Vertex will be repaid for its outlay of cash and the stock in connection with satisfying the loan, but no decision has yet been made on repayment terms.

The Company's activities have been seriously hampered by a lack of working capital, and the Company continues to be materially dependent on Vertex Industries, Inc., which owns approximately 57% of the Company's shares. As of January 31, 1992, the total amount of Company indebtedness to Vertex was $968,614, including the amount paid in satisfaction of the bank loan on December 23, 1991. Vertex is not under any contractual obligation to continue to assist the Company and has indicated that it is not presently able to provide any additional financial resources. Vertex is, however, purchasing components for and supplying assembly labor for the Company's product, for which it has been charging the Company at manufacturing cost plus allocated overhead and a profit margin. The Company does not have alternative sources for the financing of inventory purchases or assembly of product at the present time.

Additional capital is required for marketing, promotional and other operating expenses. While the Company has been seeking and intends to continue to seek, alternate or additional financing resources, the Company cannot predict whether, or under what terms, such resources may become available.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CAPITAL RESOURCES AND LIQUIDITY

The Company had a working capital deficiency at January 31, 1992 of $892.423 compared with a deficiency of $863,953 at July 31, 1991. Stockholder deficit was $884,359 compared to a deficit of $849,291 at July 31, 1991. The declines were due to the operating loss in the first half of the fiscal year.

As stated in Note 2 above, the Company's note payable to Chemical Bank in the amount of $422,467, plus accrued and unpaid interest was paid and satisfied through funds paid and common stock issued by Vertex. As a result, the Company's indebtedness to a third-party financial institution has been eliminated, but such debt has been replaced by the Company's obligation to repay Vertex in a like amount. The total indebtedness of the Company to Vertex is $968,614 as of January 31, 1992. Although discussions are taking place with respect to the terms for repayment of such indebtedness, no terms have yet been established.

In the period since the end of the fiscal year, Vertex has been engaged in helping the Company assemble a significant component of the Company's Execuport 2400 and, in connection therewith, has purchased parts and inventory. Vertex is now billing the Company for such assembly activities. Although no formal agreement between the Company and Vertex has yet been concluded, billing is at direct manufacturing cost plus allocated plant overhead and a profit margin.

The Company signed a letter of intent in December 1990 with MedPlus, Inc. While a detailed, formal agreement has not been prepared,a marketing and distribution arrangement may grant MedPlus exclusive distribution rights for the healthcare market (except for sales to Mayo Clinic) for the Execuport 2400, subject to attaining agreed sales quotas and fulfilling certain other conditions by MedPlus. While sales to MedPlus during the fiscal year ended July 31, 1991 were not significant, sales of bar code printers have increased significantly in the subsequent period, almost entirely due to sales to MedPlus.

In order to sustain its operations, the Company will be required either to obtain additional assistance from Vertex, or to continue past efforts, unsuccessful to date, to obtain outside financing. There is no assurance that the Company will be able to obtain the necessary financing from any third party (or from Vertex) or that satisfactory arrangements concerning repayment of indebtedness to Vertex can be negotiated. The failure to obtain such financing or negotiate such arrangements, or the failure to increase sales and generate greater cash flow from operations, would have material adverse consequences for the company.

Management believes that the Company's product and know-how represent valuable assets, and that the goodwill associated with the Company's reputation for quality will assist in helping to resolve such problems.

OPERATING RESULTS AND NET INCOME

Net total revenues were $448,746 for the six-month period ended January 31, 1992, 42.0% above the same period of the prior year. This substantial improvement was due, in the main, to sales to MedPlus.

Cost of sales for the current six-month period reflected the favorable mix of increased sales of bar code units and decreased sales of higher cost label stock, resulting in a cost of sales ratio of 58.2% compared with 75.6% for the same period of the prior year. Selling, general, and administrative expenses of $200,557 for the current period were 4.6% higher than the prior year. Due to the higher level of sales, the expense-to-revenue ratio decreased from 60.7% to 44.7%.

The net loss for the six-month period ended January 31, 1992 was $35,070 or 7.8% of the total revenue, compared with a net loss of $139,821 or 44.2% of total revenue for the same period of the prior year. This improvement was primarily due to increased sales of bar code units. However, operating results for the six-month period reflect the cost to the Company of utilizing labor, inventory purchasing and assembly facilities provided by Vertex, which are billed to the Company along with a profit margin for Vertex.

COMPUTER TRANSCEIVER SYSTEMS, INC.
PART II

OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8K

(a) Exhibits: None

(b) There were no reports on Form 8K filed during the six months ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act Report to be signed on its behalf by the undersigned thereunto duly authorized.

COMPUTER TRANSCEIVER SYSTEMS, INC.
(Registrant)

Date: May 15, 1992

By: Thomas Tully
Thomas J. Tully
President

Date: May 15 1992

By: Seymour D. Balkin
Seymour D. Balkin
Treasurer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: January 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No.: 0-12850

EDUDATA CORPORATION
(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of incorporation or organization)

13-3152648
(I.R.S. Employer Identification No.)

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376 Main Street, P.O. Box 74, Bedminste
(Address of principal executive o

1921
(Zip Code)

(908) 234-0042
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock: As of February 28, 1992, the issuer had 2,509,900 shares of its common stock, per value $.01 per share, outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

EDUDATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	January 31, 1992	July 31, 1991
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 317,868	$ 240,719
Marketable securities	171,148	255,951
Other	10,950	9,562
Total current assets	$ 499,966	$ 506,232
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable and accrued liabilities	$ 10,323	$ 16,369
Current portion of long-term debt	-	55,000
Total current liabilities	10,323	71,369
Long-term debt	-	12,500
Stockholders' equity:		
Common stock, $.01 par value, 10,000,000 shares authorized, 2,509,900 shares issued and outstanding	25,099	25,099
Paid-in capital	2,667,171	2,667,171
Accumulated deficit	(2,202,627)	(2,269,907)
	489,643	422,363
	$ 499,966	$ 506,232

See notes to consolidated financial statements.

EDUDATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended January 31,	
	1992	1991
Revenues:		
Interest and other	$ 4,029	$ 8,937
Realized gains on marketable securities	52,564	-
	56,593	8,937
Costs and expenses:		
General and administrative	6,835	10,599
Interest	1,266	3,064
Unrealized loss on marketable securities	-	10,005
	8,101	23,668
Income (loss) from continuing operations before income taxes and extraordinary credit	48,492	(14,731)
Charge in lieu of provision for income tax	17,320	-
Income (loss) from continuing operations before extraordinary credit	31,172	(14,731)
Discontinued operations:		
Proprietary business schools:		
Loss on disposal	-	(150,000)
Income (loss) before extraordinary credit	31,172	(164,731)
Extraordinary credit:		
Utilization of tax loss carryforward	17,320	-
Net income (loss)	$ 48,492	($ 164,731)
Income (loss) per share:		
Continuing operations	$ .01	($ .01)
Discontinued operations	-	(.06)
Extraordinary credits	.01	-
Net income (loss)	$ .02	($ .07)
Weighted average number of shares outstanding	2,509,900	2,509,900

See notes to consolidated financial statements.

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EDUDATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Six Months Ended January 31,	
	1992	1991
Revenues:		
Interest and other	$ 7,924	$ 23,298
Realized gains on marketable securities	77,192	-
	85,116	23,298
Costs and expenses:		
General and administrative	13,690	18,415
Interest	4,146	7,001
Unrealized loss on marketable securities	-	10,005
	17,836	35,421
Income (loss) from continuing operations before income taxes and extraordinary credit	67,280	(12,123)
Charge in lieu of provision for income tax	24,000	-
Income (loss) from continuing operations before extraordinary credit	43,280	(12,123)
Discontinued operations:		
Proprietary business schools:		
Loss on disposal	-	(150,000)
Income (loss) before extraordinary credit	43,280	(162,123)
Extraordinary credit:		
Utilization of tax loss carryforward	24,000	-
Net income (loss)	$ 67,280	($ 162,123)
Income (loss) per share:		
Continuing operations	$ .02	$ -
Discontinued operations	-	(.06)
Extraordinary credits	.01	-
Net income (loss)	$ .03	($ .06)
Weighted average number of shares outstanding	2,509,900	2,509,900

See notes to consolidated financial statements.

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EDUDATA CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended January 31,	
	1992	1991
Cash flows from continuing operating activities:		
General and administrative expenses paid	($ 20,303)	$ 35,863)
Interest received	1,516	42,060
Interest paid	(3,579)	(7,189)
Miscellaneous income	-	809
Net cash used in continuing operating activities	(22,366)	(183)
Cash flows from investing activities:		
Purchase of marketable securities	-	(260,001)
Sale of marketable securities	167,015	-
Expenditures related to discontinued operations	-	(3,000)
Net cash provided by (used in) investing activities	167,015	(263,001)
Cash flows from financing activities:		
Payments on bank debt	(67,500)	(55,000)
Net cash used in financing activities	(67,500)	(55,000)
Net increase (decrease) in cash	77,149	(318,184)
Cash and cash equivalents at beginning of period	240,719	558,715
Cash and cash equivalents at end of period	$ 317,868	$ 240,531
Reconciliation of income (loss) from continuing operations to net cash used in continuing operating activities:		
Income (loss) from continuing operations before extraordianry credit	$ 43,280	($ 12,123)
Adjustments:		
Charge in lieu of provision for income taxes	24,000	-
Gain on sale of marketable securities	(77,192)	-
Unrealized loss on marketable securities	-	10,005
Change in other current assets	(6,408)	19,571
Change in accounts payable and accrued liabilities	(6,046)	(17,636)
Net cash used in continuing operating activities	($ 22,366)	($ 183)

See notes to consolidated financial statements.

EDUDATA CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
January 31, 1992 and 1991
(Unaudited)

1. The accompanying unaudited consolidated financial statements of Edudata Corporation (the "Company") as of January 31, 1992, and for the three and six months ended January 31, 1992 and 1991 reflect all material adjustments consisting of only normal recurring adjustments which, in the opinion of management, are necessary for a fair statement of results of operations for the interim periods. Certain information and footnote disclosures required under generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although the Company believes that the disclosures are adequate to make the information presented not misleading. The financial statements should be read in conjunction with the year-end financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended July 31, 1991 as filed with the Securities and Exchange Commission.

   The results of operations for the three and six months ended January 31, 1992 are not necessarily indicative of the results to be expected for the entire fiscal year or for any other period.

2. Marketable securities are recorded at lower of cost or market. At January 31, 1992 the market value of the Company's marketable securities exceeded their cost by approximately $114,000.

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Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Continuing Operations

For the three months and six months ended January 31, 1992, the Company recorded income from continuing operations before extraordinary credit of $31,172 and $43,280 as compared to losses of $14,731 and $12,123 for the comparable periods of fiscal 1991. Significant fluctuations in revenue and expense items are discussed below:

a. Interest income earned in the second quarter of fiscal 1992 was $4,029 as compared to $8,128 in the second quarter of fiscal 1991 and was $7,924 for the first six months of fiscal 1992 as compared to $22,489 for the comparable period in 1991. The decreases are attributable to the lower average interest rates on all of the Company's interest earning assets and a general decrease in these assets as a result of the Company's purchase of marketable securities and payments on its debt. In addition, commencing in the second quarter of fiscal 1991, the Company discontinued accrual of the interest income on the fully reserved uncollateralized subordinated notes receivable.

b. General and administrative expenses for the three and six month periods in fiscal 1992 decreased by approximately $3,764 and $4,725, respectively, from the comparable periods in fiscal 1991. The decreases are the result of reductions in legal and professional fees.

c. The decrease in interest expense for the three and six months ended January 31, 1992 is the result of reductions in aggregate borrowings during the periods and an overall reduction in interest rates from the comparable periods in fiscal 1991. The remaining principal of all bank debt was repaid in the second quarter of fiscal 1992.

d. The Company recorded a realized gain on the sale of marketable securities for the three and six months ended January 31, 1992 of approximately $52,600 and $77,200, respectively, as compared to an unrealized loss of $10,005 for the same periods in fiscal 1991.

Discontinued Operations

The Company recorded a loss from discontinued operations for the three and six months ended January 31, 1991 representing an additional $150,000 reserve for collection of the uncollateralized notes receivable from the fiscal 1988 sale of its proprietary business school segment.

8 of 10

Liquidity and Capital Resources

The Company's yield on its cash equivalents (U.S. Treasury Bills) at January 31, 1992 was approximately 6.2 percent. Aside from its investments in cash equivalents and marketable securities, the Company's future operations will depend upon management's ability to find a suitable acquisition. Management believes that the Company should be financially viable for a period of at least one year. There can be no assurance, however, that forecasted results will be achieved as they are based on assumptions or events over which management has little control.

9 8 10

PART II - OTHER INFORMATION

Item 1. - LEGAL PROCEEDINGS

Various unspecified actions that individually are not material have been brought against an inactive subsidiary and were previously described in the Company's Form 10-K for the fiscal year ended July 31, 1991. No significant developments have occurred since that date.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

No reports on Form 8-K were filed during the quarter for which this Form 10-Q is filed.

10 of 10

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EDUDATA CORPORATION

Dated: March 13, 1992

By: John W. Galuchie, Jr.
Treasurer and Director
(Acting Principal Executive Officer
and Principal Financial Officer)

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

RECD S.E.C.
JUN 1 2 1992
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[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

n/k
6/15

For the Quarter Ended April 30, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ____________________

Commission File Number 0-18183

G-III APPAREL GROUP, LTD. /DE/
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

41-1590959
(I.R.S. Employer Identification No.)

345 West 37th Street, New York, New York 10018
(Address of Principal Executive Office) (Zip Code)

PROCESSED BY
JUN 16 1992

(212) 629-8830
(Registrant's telephone number, including area code)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

____
(Former name, former address and former fiscal
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of June 8, 1992.

Common Stock $.01 par value per share: 6,144,431 shares.

Part I. FINANCIAL INFORMATION

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* The Balance Sheet at July 31, 1991 has been taken from the audited financial statements at that date. All other financial statements are unaudited.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
ASSETS

	APRIL 30, 1992 (Unaudited)	JULY 31, 1991
Current Assets		
Cash and Cash Equivalents	$ 153,804	$ 4,446,275
Accounts Receivable - Net	9,344,498	22,907,375
Inventories	48,824,771	25,045,186
Due from Affiliates		131,285
Prepaid Expenses & Other Current Assets	645,982	993,398
Prepaid Income Taxes	2,001,312	1,462,844
Total Current Assets	60,970,367	54,986,363
Property and Equipment at Cost - Net	4,367,018	3,914,180
Other Assets	451,364	314,610
Deferred Income Taxes	870,375	870,375
	$ 66,659,124	$ 60,085,528

LIABILITIES AND STOCKHOLDERS' EQUITY

	APRIL 30, 1992 (Unaudited)	JULY 31, 1991
Current Liabilities:		
Bankers Acceptances and Notes Payable	$ 24,850,000	$ 19,500,000
Current Maturities of Capital Leases	226,887	166,409
Accounts Payable and Accrued Expenses	5,512,400	5,871,393
Total Current Liabilities	30,589,287	25,537,802
Obligations Under Capital Leases	1,059,177	896,720
Stockholder's Equity:		
Series A redeemable convertible preferred stock, 1,000,000 shares authorized; no shares issued and outstanding as at April 30, 1992 and July 31, 1991.		
Common Stock, $.01 par value, 20,000,000 shares authorized; 6,144,431 share issued and outstanding as at April 30, 1992 and July 31, 1991.	61,444	61,444
Additional Paid-in Capital	20,768,430	20,768,430
Retained Earnings	14,180,786	12,821,132
	35,010,660	33,651,006
	$ 66,659,124	$ 60,085,528

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	THREE MONTHS ENDED APRIL 30, 1992	1991
	(Unaudited)	
Net Sales	$ 22,782,034	$ 12,522,888
Cost of Goods Sold	20,813,207	12,245,278
Gross Profit	1,968,827	277,610
Selling, General and Administrative Expenses	3,721,387	3,138,520
Operating Profit (Loss)	(1,752,560)	(2,860,910)
Interest and Financing Charges, Net	295,382	7,093
Income (Loss) Before Taxes	(2,047,942)	(2,868,003)
Income Tax (Benefit)	(851,944)	(1,156,383)
Net Income (Loss)	$ (1,195,998)	$ (1,711,620)
Net Income (Loss) Per Share	$ (.19)	(.28)
Shares Outstanding	6,144,431	6,144,431

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS

	NINE MONTHS ENDED APRIL 30,	
	1992	1991
	(Unaudited)	
Net Sales	$ 118,738,253	$ 96,024,438
Cost of Goods Sold	104,450,165	85,750,934
Gross Profit	14,288,088	10,273,504
Selling, General and Administrative Expenses	11,219,200	10,045,555
Operating Profit	3,068,888	227,949
Interest and Financing Charges, Net	740,712	802,379
Income (Loss) Before Taxes	2,328,176	(574,430)
Income Tax (Benefit)	968,521	(234,367)
Net Income (Loss)	$ 1,359,655	$ (340,063)
Net Income (Loss) Per Share	$ .22	$ (.06)
Shares Outstanding	6,144,431	6,144,431

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

	NINE MONTHS ENDED APRIL 30,	
	1992	1991
	(Unaudited)	
Cash Flows from Operating Activities:		
Net Income (Loss)	$ 1,359,654	$ (340,063)
Adjustments to reconcile net income:		
Depreciation and amortization	407,000	277,700
Provision for doubtful accounts and sales discounts	34,551	150,097
Changes in operating assets and liabilities:		
Decrease in Accounts Receivable	13,528,326	27,159,309
Increase in Inventory	(23,779,585)	(1,425,499)
Decrease in Due from Affiliates	131,285	1,185,883
Decrease in Prepaid Expenses	347,416	974,038
Increase in Other Assets	(136,754)	(136,103)
Decrease in Accounts Payable and Accrued Expenses	(298,515)	(2,231,329)
Decrease in Income Taxes Payable	0	(176,459)
Increase in Prepaid Income Taxes	(538,468)	(3,087,778)
	(10,304,744)	22,689,859
Net Cash Provided by (Used In) Operating Activities	(8,945,090)	22,349,796
Cash Flows Used In Investing Activities:		
Capital Expenditures	(859,838)	(587,227)
Cash Flows Provided by (Used In) Financing Activities:		
Proceeds under Bankers' Acceptances and Notes	49,250,000	50,600,000
Repayments of Bankers' Acceptances and Notes	(43,900,000)	(73,550,000)
Proceeds from Other Long Term Borrowings	330,699	0
Principal Payment of Capital Leases	(168,242)	(22,728)
Net Cash Provided by (Used In) Financing Activities	5,512,457	(22,972,728)
Net Decrease in Cash	(4,292,471)	(1,210,159)
Cash at Beginning of Period	4,446,275	1,692,246
Cash at End of Period	$ 153,804	$ 482,087
Supplemental Disclosures of Cash Flow Information		
Cash Paid during the Period for:		
Interest	$ 457,693	$ 612,789
Income Taxes	$ 1,521,162	$ 3,013,564

See Accompanying Notes to Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General Discussion

The results of the quarter and nine months ended April 30, 1992 are not necessarily indicative of the results to be expected for the entire fiscal year. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring accruals) necessary for a fair presentation of the financial periods presented have been reflected.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company's Form 10K, filed with the Securities and Exchange Commission for the year ended July 31, 1991.

Note 2 - Inventories

Substantially all of the inventories are finished goods.

Note - Bankers' Acceptances and Notes Payable

During the quarter, the Company increased its working capital lines from $50 million to $60 million. Bank obligations are secured by a lien on trade accounts receivable and finished goods inventory.

Note 4 - Net Income Per Common Share

Net income per common share is calculated based on the weighted average number of outstanding common shares. The effect of common stock equivalents is not significant for any periods presented.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Year references relate to the Company's fiscal year ended July 31, in such year.

Results of Operations

Net sales of $22.8 million for the third quarter of 1992 were approximately 81.9% greater than net sales of $12.5 million for the third quarter of 1991. For the nine months ended April 30, 1992, net sales were $118.7 million, an increase of $22.7 million or 23.7% from the same period in fiscal 1991. An improving economic climate in the United States, compared to the previous year which included the effects of the Persian Gulf conflict, and the continued growth of the Company's men's division and textile division contributed to these increases. The increase in sales was primarily the result of increases in units sold rather than increased prices.

Gross profit was $2.0 million in the third quarter of 1992, representing an increase of approximately $1.7 million from the third quarter of 1991. Gross profit as a percentage of net sales was 8.6% and 2.2% for the third quarter of 1992 and 1991, respectively. For the nine months ended April 30, 1992, gross profit was $14.3 million, an increase of $4.0 million or 39.1% from the same period in fiscal 1991. Gross profit as a percent of net sales for the nine months period was 12.0% this year compared to 10.7% last year. An improving United States economy as well as an increase in the sales volume of certain classifications of merchandise with higher margins were the primary causes of the improved gross margin percentage.

Selling, general and administrative expenses of $3.7 million for the third quarter of 1992 were approximately $583,000 more than in the comparable period in 1991. As a percentage of net sales, selling, general and administrative expenses were 16.3% in the third quarter of 1992 compared to 25.1% last year. For the nine month period, selling, general and administrative expenses were $11.2 millon or 9.4% of sales, compared to $10.0 million or 10.7% of sales for the same period last year. This increase is primarily the result of a fully staffed and operational textile division, which began operations last year, the renting of additional warehouse space to accommodate increased inventory levels as well as increased expenses incurred to identify new resourcing and designs for the manufacture of leather and textile apparel.

Interest expense of $295,000 was $288,000 higher in the third quarter of 1992, compared to interest expense of $7,000 in the third quarter of 1991. For the nine month-period, interest expense was $741,000, a decrease of $62,000, or 7.7% from the same period last year. The increase in interest expense for the quarter is primarily the result of higher bank debt required to support the growth in inventory levels. The decrease for the nine months reflects lower interest rates than the previous year.

Liquidity and Capital Resources

During the quarter, the Company increased its level of inventories over last year in the anticipation of continued increases in sales volume. Accordingly, the Company increased its working capital lines of credit to a maximum amount of $60 million from two banks of which a maximum of $50 million is available for direct borrowing and bankers' acceptances and the unused balance for letters of credit. Direct borrowings under the line of credit bear interest at the prime rate for one bank (6 1/2% as of June 1, 1992) and at 1/4% above the prime rate of the second bank, which was 6 1/2% as of June 8, 1992, and are payable on demand. Bankers' acceptances, which are used to finance imported inventory, mature 90 to 180 days from issuance and bear interest at the then prevailing market rate for bankers' acceptances plus 1 1/4 or 1 1/2%. The amount borrowed under the line of credit varies based on the Company's seasonal requirements. As of April 30, 1992 there were $24.850 million of outstanding borrowings for direct debt and bankers' acceptances and approximately $29.3 million of contingent liability under open letters of credit.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

G-III APPAREL GROUP, LTD.
(Registrant)

Date: June 12, 1992

By: /s/
Morris Goldfarb
President and Chief
Executive Officer

Date: June 12, 1992

By: /s/
Alan Feller
Chief Financial
Officer, Treasurer and
Secretary

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[illegible]

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 28, 1992

1011035

Commission File Number 0-16960

THE GENLYTE GROUP INCORPORATED

100 Lighting Way
Secaucus, N. J. 07096
(201) 864-3000

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Incorporated in Delaware

*I.R.S. Employer
Identification No. 22-2584333*

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _

The number of shares outstanding of the issuer's common stock as of March 28, 1992 was 12,699,456.

THE GENLYTE GROUP INCORPORATED
FORM 10-Q
FOR THE QUARTER ENDED MARCH 28, 1992

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Calculation of Primary and Fully Diluted Earnings Per Share for the three months ended March 28, 1992 and March 30, 1991.............7

Signature.............8

PART 1 **FINANCIAL INFORMATION**

ITEM 1. **FINANCIAL STATEMENTS**

THE GENLYTE GROUP INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 28, 1992 AND MARCH 30, 1991

(000'S OMITTED, EXCEPT PER SHARE DATA)
(Unaudited)

	1992	1991
Net Sales	$ 104,366	$ 105,769
Cost of Sales	74,764	74,792
Gross Profit	29,602	30,977
Selling, General and Administrative Expenses	25,838	26,176
Operating Profit	3,764	4,801
Corporate Expenses	1,083	1,018
Interest Expense, net	2,257	3,351
Income Before Income Taxes	424	432
Provision for Income Taxes	169	173
Net Income	$ 255	$ 259
Primary and Fully Diluted Earnings Per Share	$ .02	$ .02

The accompanying notes are an integral part of these consolidated financial statements.

THE GENLYTE GROUP INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 28, 1992 AND DECEMBER 31, 1991
(000'S OMITTED)

	(unaudited) 3/28/92	12/31/91
ASSETS:		
Current Assets:		
Cash and cash equivalents	$ 3,450	$ 2,277
Accounts receivable, less allowances for doubtful accounts of $4,557 and $4,261, respectively	63,615	59,012
Inventories:		
Raw materials and supplies	30,306	31,159
Work in progress	13,525	13,982
Finished goods	47,382	44,756
Total Inventories	91,213	89,897
Other current assets	5,291	5,525
Total current assets	163,569	156,711
Property, plant and equipment, at cost	221,051	220,658
Less: accumulated depreciation and amortization on plant and equipment	132,665	128,860
Net property, plant and equipment	88,386	91,798
Cost in excess of net assets of purchased businesses	12,086	12,121
Other assets	4,140	4,439
TOTAL ASSETS	$268,181	$265,069
LIABILITIES & STOCKHOLDERS' INVESTMENT:		
Current Liabilities:		
Short-term debt	$ -0-	$ 213
Current maturities of long-term debt	72	72
Accounts payable	35,270	31,068
Accrued expenses	23,623	23,452
Total current liabilities	58,965	54,805
Long-term debt	128,184	129,697
Deferred income taxes	12,598	12,644
Other liabilities	9,556	9,546
Total liabilities	209,303	206,692
Stockholders' Investment:		
Common stock	128	128
Paid-in capital	9,754	8,737
Foreign currency translation adjustment	1,257	2,028
Retained earnings	47,739	47,484
Total stockholders' investment	58,878	58,377
TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT	$268,181	$265,069

The accompanying notes are an integral part of these consolidated balance sheets.

THE GENLYTE GROUP INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 28, 1992 AND MARCH 30, 1991
(000'S OMITTED)
(Unaudited)

	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 255	$ 259
Adjustments to reconcile net income to net cash flows provided (used) by operating activities:		
Depreciation and amortization	4,924	5,058
(Increase) decrease in:		
Accounts receivable	(4,603)	2,828
Inventories	(1,316)	(84)
Other current assets	234	(325)
Other assets	189	(3)
Increase (decrease) in:		
Accounts payable and accrued expenses	4,373	(4,557)
Other liabilities	10	6
Deferred income Taxes	(46)	4
All other, net	(419)	21
Net cash flows provided (used) by operating activities	3,601	3,207
CASH FLOWS FROM FINANCING ACTIVITIES:		
Tax benefit - founder's shares	941	-
Purchase of treasury stock	-	(306)
Options exercised	76	8
Decrease in debt to outsiders	(1,726)	(96)
Net cash flows provided (used) by financing activities	(709)	(394)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	(1,762)	(2,179)
Disposal of plant and equipment	43	-
Net cash flows provided (used) by investing activities	(1,719)	(2,179)
Net increase in cash and cash equivalents	1,173	634
Cash and cash equivalents at beginning of year	2,277	1,401
Cash and cash equivalents at end of quarter	$ 3,450	$ 2,035
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION CASH PAID DURING THE THREE MONTH PERIOD FOR:		
Interest	$ 2,088	$ 4,254
Income taxes	$ 781	$ 557

The accompanying notes are an integral part of these consolidated financial statements.

THE GENLYTE GROUP INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS OF MARCH 28, 1992
(Unaudited)

1. Accounting Policies

The consolidated financial statements included in this report were prepared in conformity with the accounting standards set forth in Accounting Principles Board Opinion No. 28, "Interim Financial Reporting", as amended, and the rules and regulations of the Securities and Exchange Commission related to interim reporting. During the periods shown, there were no changes in accounting principles or practices from those applied in prior periods.

2. Consolidated Statement of Stockholders' Investment ($ in 000's):

	Common Stock	Additional Paid-in Capital	Foreign Currency Translation Adjustment	Retained Earnings
Balance, December 31, 1991	$ 128	$ 8,737	$ 2,028	$47,484
Net Income	-	-	-	255
Tax Benefit-founder'shares	-	941	-	-
Options Exercised	-	76	-	-
Translation Adjustments	-	-	(771)	-
Balance, March 28, 1992	$ 128	$ 9,754	$ 1,257	$47,739

Management's Discussion and Analysis

Comparison of First Quarter 1992 to First Quarter 1991

Genlyte's sales for the first quarter of 1992 were $104.4 million, down by $1.4 million or 1.3% from the first quarter of 1991. The decline in sales was due primarily to the continued weakness in the United States and Canadian economies.

Operating profit was $3.8 million as compared to $4.8 million in 1991. The decline in operating profit was attributable to the lower sales volume and lower average selling prices due to competitive pressure, partially offset by the positive impact of continued cost reduction actions.

Interest expense decreased 32.6% to $2.3 million due to both lower average borrowings and lower interest rates.

Net income and earnings per share were $.3 million and $.02, respectively, the same as the results achieved in the first quarter 1991.

Liquidity and Capital Resources

Working capital was $104.6 million as of March 28, 1992, up $2.7 million from year-end 1991, due primarily to an increase in accounts receivable and an increase in inventory offset partially by an increase in accounts payable. The increase in receivables is due to a heavier concentration of sales occurring in the latter part of the quarter and an increase in extended payment terms negotiated with customers. The increase in inventories was due to promotional activity initiated during the latter part of the quarter that will have deliveries run into the second quarter as well as initial stocking for new product releases.

Funds generated from operations plus amounts available under the existing loan agreement and short-term credit lines are expected to be sufficient to fulfill anticipated requirements for the remainder of 1992.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

Not Applicable.

ITEM 2. Changes in Securities

Not Applicable.

ITEM 3. Defaults Upon Senior Securities

Not Applicable.

ITEM 4. Submission of Matters to a Vote of Security Holders

Not Applicable.

ITEM 5. Other Information

Not Applicable.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibit 11 Calculation of Primary and Fully Diluted Earnings Per Share

(b) Reports on Form 8-K: NONE

Exhibit 11

THE GENLYTE GROUP INCORPORATED
CALCULATION OF PRIMARY AND FULLY DILUTED EARNINGS PER SHARE
FOR THE THREE MONTHS ENDED MARCH 28, 1992 AND MARCH 30, 1991
(000'S OMITTED, EXCEPT PER SHARE DATA)
(Unaudited)

	1992	1991
PRIMARY EARNINGS PER SHARE:		
Net income	$ 255	$ 259
Average common shares outstanding	12,688	12,705
Common shares issuable in respect to common stock equivalents, with a dilutive effect	163	158
Total common and common equivalent shares	12,851	12,863
Primary earnings per share	$ .02	$ .02

FULLY DILUTED EARNINGS PER SHARE:		
Net income applicable to common stock and common stock equivalents	$ 255	$ 259
Total common and common equivalent shares	12,851	12,863
Additional common shares assuming full dilution	10	7
Total common shares assuming full dilution	12,861	12,870
Fully diluted earnings per share	$ .02	$ .02

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Genlyte has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE GENLYTE GROUP INCORPORATED
(Registrant)

Date: ____________________

Luke M. Beshar, V.P. Finance

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

RECD S.E.C.
JUN 29 1992

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 1991 Commission File No.: 0-2661

Harrell International, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State of jurisdiction)

13-1946181
(I.R.S. Employer Identification No.)

17218 Preston Road, Suite 425, Dallas, TX 75252
(Address of principal executive offices)

(214) 250-6370
(Registrant's telephone no., including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes X No ____
(2) Yes X No ____

The number of shares outstanding of the registrant's Class A, $.01 par value common stock as of July 31, 1991, was 485,380 (as adjusted to give effect to the Restructuring Agreement dated December 23, 1991 - see Subsequent Events discussion in the registrant's From 10-K report for the fiscal year ended September 30, 1990, which is incorporated herein by this reference).

10/10.1

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HARRELL INTERNATIONAL, INC.

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Part I. Financial Information

Item 1. Financial Statements

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Condensed Statements of Income -- Three Months Ended June 30, 1991, and 1990 and Nine Months Ended June 30, 1991 and 1990 4

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

HARRELL INTERNATIONAL, INC.
CONDENSED BALANCE SHEETS

	June 30, 1991 (Unaudited)	September 30, 1990 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 242	$ 46,538
Prepaid expenses and other	-	2,181
Total current assets	242	48,719
Furniture and equipment, at cost less accumulated depreciation	1,215	1,693
Total	$ 1,457	$ 50,412
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable and accrued liabilities	$ 34,824	$ 12,145
Stockholders' Equity:		
Common stock:		
Class A $.01 par value, 9,000,000 shares authorized, 485,380 issued and outstanding	4,854	4,854
Class B $.01 par value, 1,000,000 shares authorized	-	-
Additional paid-in capital	1,929,540	1,929,540
Deficit	(1,976,761)	(1,896,127)
Total stockholders' equity (deficit)	(33,367)	38,267
Total	$ 1,457	$ 50,412

HARRELL INTERNATIONAL, INC.
CONDENSED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30		Nine Months Ended June 30	
	1991	1990	1991	1990
Revenues:				
Interest income	$ -	$ 38,180	$ 180	$ 69,114
Other income	-	-	11,600	-
	-	-	11,780	-
General and administrative expenses	5,999	87,681	83,414	237,839
Income (loss) before income taxes	(5,999)	(49,501)	(71,634)	(168,725)
Provision for income taxes	-	-	-	-
Net income (loss)	$ (5,999)	$(49,501)	$(71,634)	$(168,725)
Net income (loss) per share	$ (.01)	$ (.13)	$ (.15)	$ (.39)
Weighted average shares outstanding	485,380	435,380	485,380	435,380

HARRELL INTERNATIONAL, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended June 30 1991	Nine Months Ended June 30 1990
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (71,634)	$ (168,725)
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of furniture and equipment	478	-
Depreciation	-	2,678
Decrease in prepaid expenses	2,181	-
Increase (decrease) in accounts payables and accrued expenses	22,679	7,860
Net cash used in operating activities	(46,296)	(158,187)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments received on notes receivable	-	1,815,353
Decrease (increase) in other receivables	-	145,489
Net cash provided by investing activities	-	1,960,842
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	-	(870,760)
Reduction in retirement liability	-	(900,000)
Net cash used in financing activities	-	(1,770,760)
NET INCREASE (DECREASE) IN CASH	(46,296)	31,895
CASH AT BEGINNING OF PERIOD	46,538	565,229
CASH AT END OF PERIOD	$ 242	$ 597,124

HARRELL INTERNATIONAL, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS

1. PRINCIPLES OF DISCLOSURE

The balance sheet as of June 30, 1991, and the related statements of income and cash flows for the three month and nine month periods ended June 30, 1991 and 1990, respectively, are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented as permitted by Form 10-Q, and do not contain certain information included in the Registrant's annual financial statements and notes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Material Changes in Financial Condition.

As of June 30, 1991, Harrell International, Inc. (the "Company") completed its second full quarter as a joint venture partner of Riviera Investors Corporation, a Texas corporation ("RIC") (this joint venture is referred to as the "Riviera Joint Venture"). RIC contributed $232,000 to the venture's capital. Although the Company contributed no cash to the venture, Clover, Inc., then the Company's controlling shareholder, for good and valuable consideration, assigned to the venture its rights under that certain Contract of Sale dated October 20, 1990, by and between Clover, Inc. and the Estate of James Devereaux Stuhlman.

The venture exercised its rights under the Contract of Sale on December 7, 1990, and purchased a 37 unit apartment complex known as Riviera Apartments (the "Riviera Project") located in Dallas, Texas, for a purchase price of $222,000.

Pursuant to the Riviera Joint Venture Agreement, the venture's distributable cash is to be distributed as follows:

(1) The first $32,480 to RIC;
(2) The second $32,480 to the Company;
(3) The balance, 50% to RIC and 50% to the Company.

However, in February, 1991, the Company sold 10% of its voting and profits interest in the venture to RIC for $11,600, thus reducing the Company's above-stated distributable interest from 50% to 40%.

While RIC and the Company share equally the venture's management, the Company supervises its day-to-day operations. The Riviera Project is managed by an unrelated third party.

Wilson L. Harrell, a director of the Company, is the president of Riviera Investors Corporation. Mr. Harrell and Arthur Linkletter, also a director of the Company, contributed $51,000 and $58,000, respectively, to RIC's capital and Irvin Atkins, Douglas C. Echols, Mr. Harrell's brother-in-law, and David A. Woodcock, Jr., contributed $58,000, $50,000 and $15,000, respectively. These amounts entitled those persons to the following shares and percentage ownership in RIC:

Wilson L. Harrell	510 shares	21.98%
Arthur G. Linkletter	580 shares	25.00%
Irvin Atkins	580 shares	25.00%
Douglas C. Echols	500 shares	21.55%
David A. Woodcock, Jr.	150 shares	6.47%

In order to induce Messrs. Atkins, Echols and Woodcock to invest in RIC, the Company granted them options to buy one fourth of a share of the Company's common stock for each dollar invested for a purchase price of $1.00 per share. Accordingly, Messrs. Atkins, Echols and Woodcock were issued options to purchase 14,500, 12,500, and 3,750 shares of the Company's common stock, respectively. The options were issued as of December 7, 1990, and expire December 6, 1993.

Results of Operations.

The period ended June 30, 1991, was the second full quarter of the Riviera Joint Venture's operations. However, because the Riviera Joint Venture is the Company's only source of revenue (excepting interest income) and its operations are in their formative stages, total revenue from operations for the three months ended June 30, 1991 was $0. Furthermore, because operations have been significantly reduced, general and administrative expenses for the quarter were only $5,999, producing a net loss of $5,999 for the period ended June 30, 1991.

Part II. OTHER INFORMATION

Item 1. Legal.

There were no material legal proceedings, either on-going, instituted by or against, or otherwise involving the Registrant during the quarter ended June 30, 1991.

Item 2. Change in Securities.

There were no changes in the Registrant's securities during the quarter ended June 30, 1991.

Item 3. Defaults Upon Senior Securities.

The Registrant does not have any outstanding debt or securities of this nature.

Item 4. Submission of Matters to a Vote of Security Holders.

The Registrant did not submit any matters to a vote of the security holders during the quarter ended June 30, 1991.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports.

(a) No events occurred during the quarter ended June 30, 1991, which require the submission of an exhibit.

(b) No reports on Form 8-K were filed by the Registrant for the quarter ended June 30, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HARRELL INTERNATIONAL, INC.

By: ______________________
Wilson L. Harrell, President

Dated: June 13, 1992

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

PROCESSED BY
MAR 24 1992

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Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1[illegible]

For Quarter Ended: January 31, 1992 Co[illegible]-17502

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INTERNATIONAL BARRIER CORPORATION 139

(Exact name of registrant as specified in its charter)

DELAWARE	52-1607578
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification no.)

R.D. 1
Claysburg, PA
16625

(Address of principal executive offices)

(814) 239-8525

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes ( ) No (X)

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date.

Common Stock $.01 par value, outstanding
as of March 16, 1992 - 1,537,250 shares

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

Consolidated Balance Sheets - January 31, 1992 and October 31, 1991

Consolidated Statements of Operations - 3 months ended January 31, 1992 and 1991

Consolidated Statements of Cash Flows - 3 months ended January 31, 1992 and 1991

Notes to Consolidated Financial Statements - January 31, 1992

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

PART II - OTHER INFORMATION

SIGNATURES

INTERNATIONAL BARRIER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company accounts and transactions have been eliminated.

Investments

Investments in marketable debt securities are carried at cost.

Inventories

Inventory of raw material is recorded at the lower of cost and replacement value. Work in progress and finished goods are recorded at the lower of cost or market, with market being determined on the basis of net realizable value. Cost is determined on the first-in, first-out basis.

Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is provided on a straight-line basis over varying periods from five to twenty years.

Patents

Patent rights are stated at cost. Patents have been registered in Australia, Belgium, Canada, France, Great Britain, Greece, Japan, Spain, Sarawak, and the United States. Patents are pending in Germany, Malaysia, Singapore and Sabah. Costs are being amortized over the life of the patents (13 years on average).

Earnings per common share

Earnings per common share have been presented to give effect to the reorganization of the Company's common stock on October 26, 1988 (note 7). Earnings per common share have been calculated after deducting unpaid cumulative dividends on preference shares from net loss, and dividing by the weighted average of common shares outstanding during the year. The effect of the warrants and options have not been included as they are antidilutive.

PART I

FINANCIAL INFORMATION

INTERNATIONAL BARRIER CORPORATION

CONSOLIDATED BALANCE SHEET ASSETS	(unaudited) January 31, 1992	(audited) October 31, 1991
CURRENT ASSETS		
Cash	$ 4,395	$ 51,548
Investments in marketable securities (market value $506,000)	500,000	500,000
Trade accounts receivable	42,337	95,080
Inventories	129,612	130,101
Prepaid expenses	7,500	7,500
Total Current Assets	683,844	784,229
FIXED ASSETS (note 3)	3,021,139	3,084,754
PATENTS (note 4)	242,181	242,447
TOTAL ASSETS	$ 3,947,164	$ 4,111,430
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Demand loan	$ --	$ --
Trade accounts payable	1,049,455	1,007,688
Current portion of long term debt (note 4)	2,402,872	2,402,872
Total current liabilities	3,452,327	3,410,560
LONG TERM DEBT (note 6)	50,101	53,692
STOCKHOLDERS' EQUITY (note 7)		
Capital stock		
Preferred stock, $.01 par value; 200,000 shares authorized, 300 Series A shares outstanding	3	3
Common stock, $.01 par value; 4,000,000 shares authorized, 1,537,250 shares outstanding	15,372	15,372
Additional paid-in capital	5,463,480	5,463,480
Deficit	(5,034,119)	(4,831,677)
Total stockholders' equity	444,736	647,178
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$3,947,164	$4,111,430

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL BARRIER CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended January 31

	(unaudited) 1992	(unaudited) 1991
Sales	$45,340	$513,644
Cost of goods sold	110,886	460,091
Gross Profit (loss)	(65,546)	53,553
Expenses		
Selling, general and administrative expenses	87,463	106,727
Interest and bank charges	52,337	58,521
Interest income	(2,904)	(8,750)
Foreign exchange loss		
	136,896	156,498
Profit (loss) before income taxes	(202,442)	(102,945)
Income taxes	0	0
NET INCOME (LOSS) FOR THE PERIOD	($202,442)	($102,945)
NET INCOME (LOSS) PER COMMON SHARE	($0.13)	($0.07)
WEIGHTED AVERAGE SHARES OUTSTANDING	1,537,250	1,537,250

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL BARRIER CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
For Three Months Ended January 31

	(unaudited) 1992	(unaudited) 1991
OPERATING RESULTS		
Net loss for the period	($ 202,442)	($102,945)
Adjustments to reconcile net loss for the period to net cash provided by operating activities		
Depreciation and amortization	67,625	67,625
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	52,743	(64,567)
Decrease (increase) in inventories and prepaid expenses	489	(387,359)
Increase (decrease) in accounts payable	41,767	560,802
Net cash provided (used) by operating activities	(39,818)	73,556
INVESTING ACTIVITIES		
Sale (purchase) of marketable securities	0	(8,750)
Expenditures for license costs and patents	(3,744)	(5,641)
Net cash used for investing activities	(3,744)	(14,391)
FINANCING ACTIVITIES		
Proceeds from (repayment of) long term debt	(3,591)	(5,134)
Proceeds from (repayment of) demand loan	0	(62,084)
Net cash provided by (used for) financing activities	(3,591)	(67,218)
DECREASE IN CASH POSITION	(47,153)	(8,053)
Cash position at beginning of period	51,548	20,245
CASH POSITION AT END OF PERIOD	$ 4,395	$12,192

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL BARRIER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GOING CONCERN

These financial statements have been prepared on the going concern basis which assumes the realization of assets and the liquidation of liabilities in the normal course of business. The Company has had limited product sales and has suffered recurring losses from operations and has an accumulated deficit of $4,826,230 at October 31, 1991. The Company's ability to meet its current obligations is dependent upon its ability to achieve profitable operating and positive cash flow. This is dependant upon its ability to achieve a higher level of sales.

Management of the Company is actively pursuing sales opportunities and have changed the corporate structure of the Company by closing the Toronto, Ontario, and Washington, D.C. offices in 1990 and by reducing the selling, general and administrative expenses. All operations are carried on from the Altoona Fabricators Inc. plant location, in Altoona, Pennsylvania.

2. INVENTORIES

	January 31, 1992	October 31, 1991
Raw materials	$53,385	$53,385
Work in progress	28,028	28,028
Finished goods	48,198	48,688
	$129,612	$130,101

3. PROPERTY, PLANT AND EQUIPMENT

	January 31, 1992	October 31, 1991
Land	$125,000	$125,000
Buildings	1,972,572	1,972,572
Machinery & equipment	1,588,617	1,588,617
Furniture	127,830	127,830
	3,814,019	3,814,019
Less accumulated depreciation	792,880	729,265
	$3,021,139	$3,084,754

INTERNATIONAL BARRIER CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. PATENTS

Balance, October 31, 1991	$242,447
Legal costs 1992	3,744
Amortization in 1992	4,010
	$242,181

5. DEMAND LOAN

During 1991 and 1990 Mid-State Bank advanced demand loans to the Company from time to time. Each loan was secured individually by a single contract receivable. Demand loans reached a level of $104,077 in 1991 and $480,000 in 1990. Demand loans were nil at January 31, 1992.

6. LONG-TERM DEBT

(a) Mortgage payable

	January 31, 1992	October 31, 1991
Balance	$1,782,622	$1,782,622
Current portion	1,782,622	1,782,622
Long-Term portion	$ Nil	$ Nil

The Mortgage payable, in the original amount of $1,800,000 bears interest at prime plus 1 1/2%. One-half of the mortgage made available and drawn down by the Company is secured by a first mortgage on the land and buildings. This portion of the mortgage, originally amounting to $900,000, is repayable in monthly installments of $10,802 (principal and interest commencing September 20, 1989 and maturing September 20, 2003. The remaining portion of the mortgage, amounting to $900,000, drawn on the same terms and conditions as described above was refinanced in fiscal 1990, by a loan from Pennsylvania Industrial Development Authority (PIDA) which bears interest at 4-1/2%, repayable within 14 years. This loan is secured by the land and buildings, subject to the first mortgage described above and a collateral interest in marketable securities of $450,000. In addition, this loan is secured by all machinery and equipment, subject to the first mortgage described above. In addition, this loan is secured by all machinery and equipment, subject to the equipment loan payable as described in note 6 (b). The interest rate may be increased after 3 years up to 12-1/2% if certain terms and conditions relating to employment levels are not met or if a material default occurs; current employment level projections have not been met. In March of 1990 both lenders approved a moratorium on principal payments for a period of up to 1 year. Revised principal and interest payments were to commence in April 1991. Subsequently PIDA approved an additional 6 months moratorium on principal which called for revised principal and

6. LONG-TERM DEBT (Continued)

interest payments to commence in November 1991. Subsequent to the expiration of the moratorium dates stated above, the Company has continued to remit interest only payments. This action constitutes a default under loan agreements which provide both lenders with contractual authority to demand immediate repayment of all outstanding principal. However, no such demand has been made to date. The Company is currently negotiating with both lenders on a repayment strategy. To reflect the uncertain circumstances regarding repayment terms, the Company has presented the total mortgage payable as currently due in the financial statements as of October 31, 1991.

On February 12, 1992, a nine month moratorium on principal payments was granted for the PIDA loan and revised principal and interest payments would commence August 1, 1992.

(b) Equipment loan payable	January 31, 1992	October 31, 1991
Balance at October 31	$670,351	$673,942
Current portion	620,250	620,250
Long-Term portion	$50,101	$53,692

The equipment loan payable bears interest at prime plus 2%. During 1990, a portion of this loan amounting to $100,000 was replaced by a loan from the Pennsylvania Capital Loan Fund (PCLF) which bears interest at 5% and is secured by the machinery and equipment subject to a first mortgage, and a collateral interest in marketable securities of $50,000. The balance of the original equipment loan of $525,000 is secured by a first mortgage on all machinery and equipment. As part of the terms of this loan, the Company funded $275,000 of the purchase of equipment from working capital. The term of the original equipment loan is 7 years commencing September 20, 1989. The loan from the PCLF is repaid monthly over 5 years commencing October 1990. Based on preliminary approval for an SBA 504 loan in the amount of $620,000, the bank equipment loan extended and the amount outstanding as of October 31, 1990 was $81,967. Since the Company did not execute the SBA loan, the bank equipment loan is due and is considered a current obligation. In March of 1990 both lenders approved a moratorium on principal payments. Mid-State Bank and PCLF approved the moratorium for one year and 6 months, respectively; revised principal in interest payments commenced November 1990 for the PCLF but the principal moratorium was extended to October 31, 1991 for the Mid-State loans.

Subsequent to the expiration of the moratorium dates for the two Mid-State Bank notes stated above, the Company has continued to remit

6. LONG-TERM DEBT (Continued)

interest only payments. This action constitutes a default under the loan agreements which provide Mid-State Bank with contractual authority to demand immediate repayment of all outstanding principal. However, no such demand has been made to date. The company is currently negotiating with the bank on a repayment strategy. To reflect the uncertain circumstances regarding repayment terms, the Company has presented the total equipment loan payable from these two notes of $598,254 as currently due in the financial statements as of October 31, 1991.

7. STOCKHOLDERS' EQUITY

(a) During 1987, 100 Common shares were issued in exchange for amounts due to a shareholder of $50,000 and amounts owing to affiliates of $200,000.

(b) On December 1, 1987, the Company's Certificate of Incorporation was amended as follows:

300 shares of preferred stock were authorized. The shares have a par value of $1,000 each; bear a non-cumulative dividend entitlement of 5% until September 1, 1990; a cumulative dividend entitlement of 12% from September 1, 1990 to August 31, 1995 and a cumulative dividend entitlement of 15% from September 1, 1996. The shares are redeemable by the Company at par prior to September 1, 1990 and thereafter at par plus a premium of 2% per annum at a maximum of 20%. Each share is entitled to one vote. This was subsequently amended in 1988, see note 7(c) and (d).

On December 31, 1987, 300 shares of preferred stock were issued to common shareholders in exchange for amounts owing by the Company of $150,000, originating from working capital advances, and in exchange for amounts owing to affiliates in the amount of $150,000, also originating from working capital advances.

(c) On October 26, 1988, the Company filed an amendment to its Certificate of Incorporation, changing its name from United States Barrier Corporation to International Barrier Corporation and amending its capital stock as follows:

(i) the number of authorized preferred shares was changed from 300 shares of preferred stock, par value of $1,000 per share to 200,000 shares of preferred stock, par value $.01 per share, such stock to be issued in series with rights and entitlements to be determined from time to time by the Directors;

(ii) the number of authorized common shares was changed from 200

7. STOCKHOLDERS' EQUITY (Continued)

common shares, no par value to 4,000,000 shares of common stock, par value $.01 per share; and

(iii) 1,500,000 shares of Class A common stock, par value $.01 per share were created. The Class A common stock ranks equally with the common stock and will be entitled to one vote per share. Each of the issued and outstanding 200 shares of common stock of the Company were converted into 2,681.25 shares of common stock.

(d) The Directors have designated 300 shares of preferred stock as Series A preferred stock. The series A shares provide for cumulative annual dividends commencing December 31, 1988 of $50 per share until December 31, 1990, $120 per share thereafter until December 31, 1996 and $150 per share thereafter. The Series A shares are redeemable at the option of the Company at $1,000 per share until September 1, 1990 and thereafter at an amount that increases at the rate of $20 per year until the year 2000 when the redemption price is fixed at $1,200.

(e) In December 1988, 178,750 common stock were issued at par value in connection with the acquisition of patents and related assets.

(f) In December 1988, the Company completed its initial public share offering by issuing 822,250 common shares at $7.00 per share for net proceeds of $4,676,424. In connection with this transaction, the Company also issued 107,250 warrants, which includes the warrants described in note 7(g). Each Warrant carries the right to purchase one common share exercisable at the option of the holder up to a period of four years commencing December 16, 1989 at an exercise price of $8.40.

(g) In 1988, the Company issued $300,000 in short-term notes payable, bearing interest at 8% per annum. The notes payable, in the amount of $75,000 each, were secured by an assignment of proceeds of the life insurance policy on the life of a Senior officer of the Company. The notes were repaid on the date of the public offering. Stock purchase warrants to acquire 35,750 shares of common stock were issued to the lenders as part of this transaction (note7(f)).

(h) As at October 31, 1991, the cumulative preferred dividends in arrears were $75,000.

(i) Prior to October 31, 1988, the Company had two stock option plans for the benefit of its employees and Directors. An aggregate of 140,000 shares of Class A common stock have been reserved for issuance under the plans. On October 31, 1988, these plans were

7. STOCKHOLDERS' EQUITY (Continued)

terminated, with no options granted.

(j) In November 1988, the Company established two new plans, the 1988 Non-Qualified Stock Option Plan ("Plan") and the 1988 Incentive Stock Option Plan ("ISOP"). The Plan provides that no more than 50,000 shares in the aggregate of the Company's common stock may be sold pursuant to options granted under the Plan. Under the terms of the ISOP, the Company is authorized to grant incentive stock options to purchase up to an aggregate of 90,000 shares of its common stock. During 1989, 77,240 of the Plan options and 45,500 of the ISOP options were granted. These options can be exercised at $9.69. During 1990, the Company issued three stock purchase options for 60,000 shares. The exercise price of these options is $.50 per share, payable at time of exercise. As of October 31, 1991 no options were exercised.

8. INCOME TAXES

At October 31, 1991 the Company has operating loss carry forwards of approximately $3.7 million available to reduce future years' income for book and tax purposes until 2006. The effect of this loss carry forward has not been reflected in the accounts.

The Company has not adopted Statement of Financial Accounting Standards No. 96 "Accounting of Income Taxes". The effect of implementation of this standard has not been determined. The Company plans to adopt the standard in accordance with the required implementation date.

9. SEGMENT INFORMATION

Substantially all of the Company's operations are based in the United States. With the exception of $380,000 of revenue in fiscal 1989, all product sales were made within the United States. As of October 31, 1991, substantially all of the Company's receivables are related to a state highway administration authority.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of operations

The Company sold $45,340 worth of barrier components compared to approximately 2.5 miles of its median barrier product sold in the first quarter of 1991 resulting in a decrease of sales of $468,304.

Cost of sales were $110,887 in the first quarter of 1992. Cost of goods exceeded sales for the first quarter of 1992 because of the indirect costs of maintaining the Atloona factory. The factory was designed to accommodate 15 miles per quarter. With less than one mile of sales the unabsorbed indirect costs exceeded the gross profit. All costs of operating the plant including depreciation of the plant and equipment are included in cost of sales. Cost of sales in 1991 was 90% of sales for 1991.

Selling, general and administration expenses decreased from $106,727 in the first quarter of 1991 to $87,463 in the first quarter of 1992. This reduction in costs is a result of the Company's scaled down operations. The depreciation for plant and equipment of $63,029 is included in cost of sales for 1992.

Interest cost in the first quarter of 1992 was $52,337, compared to $58,520 in the first quarter of 1991. The Company's interest costs are lower in 1992 due to having no demand bank loan during the first quarter of 1992.

The Company has a loss carry forward for tax purposes of approximately $3.7 million available as of October 31, 1991 and consequently will be entitled to reduce income taxes on future earnings.

On Friday, March 13, 1992 Robert L. Hurd was elected President and Chief Executive Officer of International Barrier Corporation, succeeding Kenneth W. Harrison, the founder of the Company, who held these positions.

Liquidity and Capital Resources

As of January 31, 1992 the current asset to current liability ratio is 0.20 compared with 0.75 as of October 31, 1991. The Company has a shortfall of working capital of $2,768,483 as of January 31, 1992 compared to a shortfall of $569,101 as of January 31, 1991. The large increase in working capital shortfall is largely due to the Company including amounts previously shown as long term loans as currently due because certain long term loans are technically in default. See note 6 in the Notes to the Financial Statements included herein. The Company has no orders for its barrier system as of the date of this report, although the Company has been specified on a 4 mile section of highway in Ontario scheduled for installation in 1992. This possible order is still being pursued by the Company.

Unless the Company receives orders for its barrier system or additional funds in the form of loans or equity it will not be able to meet its obligations in the second quarter of 1992.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

A legal dispute between the Company and a trucking company has been resolved by decision in favor of the trucking company. The Company is now considering its options, including the possibility of appeal.

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

See note 6 in the Notes to Financial Statements, herein.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL BARRIER CORPORATION
(Registrant)

By
Lincoln C. Cobb
Vice President

By
Thomas G. Ryan
Vice President

Date: March 16, 1992

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: May 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________________ to ________________

Commission file number: 0-15936

Data Med Clinical Support Services, Inc.
(Exact name of registrant as specified in its charter)

Minnesota	41-1546471
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2331 University Avenue S.E. Minneapolis, Minnesota	55414
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (612) 378-3053

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. X Yes __ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding as of July 13, 1992
Common Stock, par value $.01 per share	7,131,700

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DATA MED CLINICAL SUPPORT SERVICES, INC.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Condensed Balance Sheets -
May 31, 1992 and February 29, 1992.

Condensed Statements of Operations -
Three months ended May 31, 1992 and 1991.

Statements of Cash Flows -
Three months ended May 31, 1992 and 1991.

Notes to Financial Statements -
May 31, 1992.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II. OTHER INFORMATION

None

SIGNATURES

PART I - FINANCIAL INFORMATION
Item 1 - Financial Statements

DATA MED CLINICAL SUPPORT SERVICES, INC.
CONDENSED BALANCE SHEETS

ASSETS	MAY 31, 1992 (Unaudited)	February 29, 1992
Current assets:		
Cash	$2,018	$26,884
Trade receivables, less allowance for doubtful accounts of $10,000 on May 31, 1992 and $10,000 on February 29, 1992	27,971	21,978
Other receivables	40,000	70,000
Prepaid expenses	14,613	17,968
Other current assets	7,336	6,880
Total current assets	91,938	143,710
Property and equipment, at cost (note 2):		
Office and computer equipment	257,764	251,282
Less accumulated depreciation and amortization	(198,408)	(191,579)
Net property and equipment	59,356	59,703
Purchased computer software net of accumulated amortization of $9,167 on May 31, 1992 and $4,583 on February 29, 1992	88,333	92,917
Total assets	$239,627	$296,330

See accompanying notes to financial statements.

LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY	May 31, 1992 (Unaudited)	February 29, 1992
Current liabilities:		
Notes payable to related parties -current portion (note 3)	$113,000	-
Notes payable-current portion (note 3)	-	-
Current installments of obligation under capital lease	9,032	10,183
Accounts payable	151,699	151,511
Deferred revenue-current portion	85,769	110,961
Accrued compensation	33,463	71,508
Accrued commissions	5,433	2,437
Accrued payroll tax	78,135	40,297
Other current liabilities	4,290	3,737
Total current liabilities	480,821	390,634
Notes payable to related parties, excluding current portion	-	84,000
Obligation under capital lease, excluding current installments	16,414	16,645
Deferred revenue-excluding current portion	117,000	127,500
Total long term liabilities	133,414	228,145
Total liabilities	614,235	618,779
Stockholders' (deficit) equity:		
Conv. Preferred Stock—$.01 par value authorized 1,000,000 shares; 625,000 outstanding at May 31, 1992 and February 29, 1992; Liquidation preference of $[illegible] in 1991	6,250	6,250
Common stock—$.01 par value, authorized 15,000,000 shares; 7,171,700 outstanding at May 31, 1992 and February 29, 1992 respectively	71,717	71,717
Additional paid-in capital	4,[illegible],796	4,[illegible],706
Accumulated deficit	(4,[illegible],991)	(4,[illegible])
Total stockholders' (deficit) equity	(374,608)	(322,449)
Total liabilities and stockholders' (deficit) equity	$239,627	$296,330

See accompanying notes to financial statements.

DATA MED CLINICAL SUPPORT SERVICES, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended May 31,	
	1992	1991
Revenues	$312,639	$200,004
Cost of revenues	180,566	130,342
Gross profit (loss)	132,073	69,662
Other operating expenses:		
Research and development	51,105	6,813
Selling and marketing	42,476	33,074
General and administrative	83,701	60,258
Total other operating expenses	177,282	100,145
Income (loss) from operations	(45,209)	(30,483)
Interest income	78	12
Interest expense	[illegible]	(4,679)
Net income (loss)	($52,159)	($35,150)
Net income (loss) per share	($0.01)	($0.00)
Weighted average number of shares outstanding	7,171,700	7,171,700

See accompanying notes to financial statements.

DATA MED CLINICAL SUPPORT SERVICES, INC.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended May 31,	
	1992	1991
Cash flows from operating activities:		
Net loss	($52,159)	($35,150)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:		
Depreciation	5.830	5.004
Amortization	4.583	
Provision for losses on accounts receivable	-	-
Decrease(increase) in trade receivables	(5,993)	39,992
Increase in other receivables	30,000	-
Decrease(increase) in prepaid expenses	7,355	(3,552)
Decrease(increase) in other current assets	(455)	(368)
Increase(decrease) in accounts payable	188	2.740
Increase(decrease) in deferred revenue	(33,692)	(45,063)
Increase(decrease) in accrued compensation	1,955	6,038
Increase(decrease) in accrued commissions	2,996	(11,485)
Increase(decrease) in other current liab.	(1,509)	
Other	-	(241)
Total adjustments	8,157	(6,935)
Cash provided by (used in) operating activities	(44,002)	(42,085)
Cash flows from investing activities:		
Capital expenditures	(8,483)	(1,342)
Cash flows used in investing activities	(8,483)	(1,342)
Cash flows from financing activities:		
Principal payments under capital lease obligations	(3,381)	(3,157)
Repayment of bank loans	-	(521)
Loans from related parties	50,000	25.000
Payments to related parties	(21,000)	
Cash flows provided by (used in) financing activities	25,619	21,322
Increase (decrease) in cash and cash equivalents	(26,866)	(22,105)
Cash and cash equivalents at beginning of period	28,884	25,953
Cash and cash equivalents at end of period	2,019	3.848

Supplemental disclosures of cash flow information:
Cash paid during the year for:

Interest	6,988	4,679

DATA MED CLINICAL SUPPORT SERVICES, INC.

Notes to Financial Statements

May 31, 1992

(1) Unaudited Financial Statements

The unaudited financial statements presented herein do not include all of the information and note disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K for the year ended February 29, 1992. In the opinion of management such financial statements include all adjustments, consisting of only normal recurring adjustments, necessary to summarize fairly the Company's financial position and results of operations. The results of the three month period ended May 31, 1992, may not be indicative of the results that may be expected for the year ending February 28, 1993.

(2) Property and Equipment

Property and equipment consists of the following:

Property under capitalized leases	$ 78,678
Furniture and equipment	179,086
	$257,764

(3) Notes Payable

Notes payable to related parties at May 31, 1992 consist of notes totaling $113,000 bearing interest at 12% per annum. These notes are payable March 30, 1993. On January 17, 1992, notes payable to related parties totaling $94,000 were extended and are now due March 30, 1993. The company issued warrants to purchase 50,000 shares of Common Stock at $0.25 in consideration for the extension of the due date of these notes.

Item 2. - Management's Discussion and Analysis of Financial Conditions and Results of Operations

Results of Operations

For the First Quarter Ended May 31, 1992 compared with the First Quarter Ended May 31, 1991:

Revenue. Revenue for the first quarter ended May 31, 1992, increased $112,635 or 56%, when compared to the prior year period. Revenues for the current period were primarily from the Company's Pharmacokinetics and Nutritional Assessment Services, and licensing of the Company's Assurance Long-Term Care System™ and Assurance Homecare System™.

Increased revenue, when compared to the prior year period, was due to increased licensing revenue from the Company's Assurance Long-Term Care System™, sales of the Assurance Homecare Manager™ to OPTION CARE, Inc. and associated training revenue. Licensing revenue from the Company's Pharmacokinetics and Nutritional Assessment Services decreased by approximately 24%, partially offsetting the increases in licensing and training revenue. Revenue for ongoing software support fees from all of the Company's products increased by approximately 20.7%. The Company focus' the majority of its sales and marketing efforts on the Assurance Long-Term Care System™. New government regulations which went into effect October 1, 1990, as well as additional regulations which went into effect October 1, 1991 have increased extensively the clinical documentation requirements for Long-Term Care facilities.

The effects of inflation on the Company's revenue and operating results were not significant.

Costs and Expenses. Total costs and expenses incurred during the quarter ended May 31, 1992, including interest, increased by approximately 55.1% when compared to the prior year period. Compensation and benefits increased 29.8% from the previous year. Additional support staff have been added to handle additional client training and support needs. Expenses paid for outside consultants increased by approximately 66.9% when compared to the prior year period, as the Company utilized their services for developing additional modules for the Company's Assurance Long-Term Care System™ and Phase 2 development of the OPTION CARE Homecare system rather than hire permanent programming staff. Administrative expenses, such as postage, office supplies, occupancy costs, and telephone expense increased by approximately 49.3% due to the hiring of additional support staff and an increased customer base requiring support help. Travel expenses increased by 179% when compared to the prior year period. This increase was attributable additional staff members attending national trade shows and travel associated with client support, training and equipment installation needs and increased direct sales contacts. Selling and marketing expenses also increased during the current year period by approximately 61.8% when compared to the prior year period. Increased selling and marketing costs were due primarily to the need for new marketing materials and trade show materials associated with the a new advertising and marketing campaign for the Assurance Long-Term Care System™ which was initiated in the first quarter of the current fiscal year.

Interest expense increased by 49.3%. This was due primarily to the increased borrowing needs of the Company related to its shortage of working capital. During the current year period the Company borrowed $29,000 from a related party. In the prior year period loan balances due to related parties totaled $41,000 less than the current period.

Liquidity and Financial Condition

Working Capital. The Company had a working capital deficit of ($388,883) at May 31, 1992, compared to a deficit of ($246,924) at February 29, 1992. This decrease in working capital can be attributed primarily to the loss sustained by the Company in the first three months of the current fiscal year and $84,000 in long term notes payable to related parties changing to a current year liability as of May 31, 1992.

During the first three months of this fiscal year, the company has received the proceeds of $50,000 in notes issued to its president. This has partially mitigated the Company's negative working capital position. The Company's working capital position remains quite serious.

The Company's ability to continue operating will ultimately depend on strong sales performances of the FOCIS project with OPTION CARE and the Company's Assurance Long-Term Care System™.

Additional Capital Requirements. Management believes that the Company may require additional financing of up to $150,000 during the balance of fiscal 1993 if sales expectations are not met. Management believes that the Company will be able to meet its short term cash needs for 1993 without any external financing or cost reductions.

Notes payable to related parties formerly due March 30, 1992, have been extended to March 30, 1993.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Data Med Clinical Support Services, Inc.
(registrant)

Date: July 13 1992 By: William A Peter Jr
William A. Peter, Jr.
President, CEO

Date: July 13, 1992 By: Russell C. Jackson
Russell Jackson
Chief Financial Officer and
Principal Financial Officer

MANUALLY SIGNED

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended **February 29, 1992**

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Commission file number **0-9099**

LEXICON CORPORATION
(Exact name of registrant as specified in its charter)

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6300 NW 5th Way, Fort Lauderdale, Florida **33309**
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code **305-772-1329**

Former name, former address and former fiscal year, if changed since last report **No changes have occurred since last Form 10-Q filing**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ______

8,113,985 shares of the issuer's Common Stock were outstanding as of the latest practicable date, **April 13, 1992**.

LEXICON CORPORATION AND SUBSIDIARIES

INDEX TO FORM 10-Q

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PART I. FINANCIAL INFORMATION

LEXICON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	February 29, 1992 (unaudited)	August 31, 1991 (restated)
CURRENT ASSETS:		
Cash and cash equivalents	$ 845,629	$ 881,817
Marketable securities	--	112,500
Note receivable	450,000	450,000
Accounts receivable, net	25,459	25,239
Prepaid and other	14,642	10,013
Assets of discontinued operations	1,515,473	1,721,547
Total current assets	2,851,203	3,201,116
PROPERTY, PLANT AND EQUIPMENT:		
Land	29,953	29,953
Furniture, fixtures and equipment	13,280	12,624
Leasehold improvements	--	5,267
	43,233	47,844
Less accumulated depreciation and amortization	(7,201)	(16,067)
	36,032	31,777
OTHER ASSETS	110,183	119,703
ASSETS OF DISCONTINUED OPERATIONS	728,011	794,704
	$ 3,725,429	$ 4,147,300

(continued)

LEXICON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(continued)

LIABILITIES AND SHAREHOLDERS' INVESTMENT

	February 29, 1992 (unaudited)	August 31, 1991 (restated)
CURRENT LIABILITIES:		
Accounts payable	$ 9,659	$ 5,252
Accrued payroll and related expenses	14,373	18,646
Other accrued expenses	127,960	148,841
Due to Sports-Tech (former subsidiary)	--	100,000
Reserve for loss on sale of subsidiary	371,270	--
Liabilities of discontinued operations	1,222,214	1,509,286
Total current liabilities	1,745,476	1,782,025
DEFERRED ITEMS OF DISCONTINUED OPERATIONS	--	37,311
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' INVESTMENT:		
Class A preferred stock, convertible to common stock, $.10 par value, authorized 1,200,000 shares, 45,964 shares issued and outstanding, aggregate liquidation preference of $459,640 at February 29, 1992	4,596	4,596
Common stock, $.10 par value, authorized 15,000,000 shares, issued and outstanding 8,113,985 shares	811,398	811,398
Capital in excess of par value	21,426,714	21,426,714
Accumulated deficit	(19,972,473)	(19,624,462)
	2,270,235	2,618,246
Less note receivable from shareholder	(290,282)	(290,282)
	1,979,953	2,327,964
	$ 3,725,429	$ 4,147,300

The accompanying notes are an integral part of these consolidated balance sheets.

LEXICON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended		For the Six Months Ended	
	February 29, 1992	February 28, 1991 (restated)	February 29, 1992	February 28, 1991 (restated)
COSTS AND EXPENSES:				
Selling, general and administrative	$ 33,657	$ 26,317	$ 167,332	$ 38,465
Depreciation and amortization	1,043	5,083	1,967	11,762
	34,700	31,400	169,299	50,227
Loss from operations	(34,700)	(31,400)	(169,299)	(50,227)
OTHER INCOME (EXPENSES):				
Interest income	10,836	1,412	22,948	2,155
Realized gain (loss) on marketable securities	88,747	(404,023)	88,747	(492,776)
Unrealized gain on marketable securities	--	483,493	--	101,275
Other, net	78	(1,107)	78	(3,361)
Income (loss) from continuing operations	64,961	48,375	(57,526)	(442,934)
DISCONTINUED OPERATIONS:				
(Loss) income from operations of discontinued businesses	(61,916)	(509,479)	80,785	(816,103)
Loss on disposal of discontinued operations	(371,270)	--	(371,270)	--
Loss from discontinued operations	(433,186)	(509,479)	(290,485)	(816,103)
Net loss	$ (368,225)	$ (461,104)	$ (348,011)	$ (1,259,037)
INCOME (LOSS) PER COMMON SHARE:				
Income (loss) from continuing operations	$ .01	$ .01	$ (.01)	$ (.06)
(Loss) income from discontinued operations	(.01)	(.07)	.01	(.10)
Loss on disposal of discontinued operations	(.05)	--	(.05)	--
Net loss	$ (.05)	$ (.06)	$ (.05)	$ (.16)

The accompanying notes are an integral part of these consolidated financial statements.

LEXICON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	For the Six Months Ended	
	February 29, 1992	February 28, 1991
Cash flows from continuing operating activities:		
Net loss	$ (348,011)	$ (1,259,037)
Adjustments to reconcile net loss to net cash provided by (used in) continuing operating activities:		
Net loss from discontinued operations	290,485	816,103
Depreciation and amortization	1,967	11,762
Unrealized gain on marketable securities	--	(101,275)
Realized (gain) loss on marketable securities	(88,747)	492,776
Other	(78)	50,950
Decrease (increase) in -		
Accounts receivable, net	(220)	97,429
Prepaid and other current assets	(4,629)	(34,833)
Increase (decrease) in -		
Accounts payable	4,407	(272,524)
Accrued expenses	(25,154)	(57,743)
Total adjustments	178,031	1,002,645
Net cash used in continuing operating activities	(169,980)	(256,392)
Cash flows from discontinued operating activities:		
Net loss from discontinued operating activities	(290,485)	(816,103)
Loss on disposal of discontinued operations	371,270	--
Adjustments to reconcile net loss to net cash provided by discontinued operating activities:		
Minority interest in discontinued operations	--	(217,636)
Decrease in assets of discontinued operations	272,767	1,672,343
Decrease in liabilities of discontinued operations	(324,383)	(555,979)
Total adjustments	(51,616)	898,728
Net cash provided by discontinued operating activities	29,169	82,625
Net cash used in operating activities	(140,811)	(173,767)
Cash flows from investing activities:		
Payment of amount due to Sports-Tech	(100,000)	--
Capital expenditures	(6,331)	--
Proceeds from the sale of assets	187	--
Proceeds from the sale of marketable securities	201,247	110,449
Net cash provided by investing activities	95,103	110,449
Cash flows from financing activities:		
Proceeds from payments on notes receivable	9,520	20,000
Net cash provided by financing activities	9,520	20,000

(continued)

LEXICON CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(continued)

	For the Six Months Ended	
	February 29, 1992	February 28, 1991
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,188)	(43,318)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	881,817	64,953
CASH AND CASH EQUIVALENTS AT END OF QUARTER	$ 845,629	$ 21,635
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ --	$ --
Income taxes	--	--
Supplemental disclosure of noncash investing and financing activities:		
Decrease in accrued expenses as a result of expiration of stock options	--	12,749
Satisfaction of note receivable from shareholder	--	288,540
Settlement of note receivable from shareholder	--	(276,665)
Retirement of common stock	--	(11,875)

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FEBRUARY 29, 1992
(unaudited)

(1) BASIS OF PRESENTATION

The consolidated financial information contained herein for Lexicon Corporation (the "Company") has been prepared by the Company without audit, for filing with the Securities and Exchange Commission (the "Commission"). In July 1991, the Company sold its majority interest in Sports-Tech International, Inc. ("Sports-Tech") and terminated activities in the Sports Technology segment. The accompanying consolidated financial statements reflect Sports-Tech as a discontinued operation.

On March 26, 1992, the Company entered into a Stock Purchase Agreement (the "Stock Purchase Agreement") with BECT Acquisition Group, Inc. ("BECT"), for the sale of all the outstanding capital stock of SCOPE Incorporated ("SCOPE"), a wholly-owned subsidiary of the Company. The accompanying consolidated financial statements reflect SCOPE as a discontinued operation (see Note 2).

Certain information and notes have been condensed or omitted pursuant to the rules and regulations of the Commission. The consolidated financial information presented herein, while not necessarily indicative of results to be expected for the year, reflects all adjustments of a normal recurring nature, which, in the opinion of the Company, are necessary to a fair statement of the results for the periods indicated. Certain items have been reclassified to conform to the presentation for the current year. This financial information should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 1991.

(2) DISPOSITION OF BUSINESSES

As a result of the reclassifications discussed below, the consolidated financial statements for all periods present the Signal Technology, Defense Systems and Sports Technology businesses as discontinued operations.

(a) **SCOPE Incorporated**

Pursuant to the terms of the Stock Purchase Agreement, the Company has agreed to sell to BECT all the outstanding shares of the common stock of SCOPE. The sale price is $1,000,000 payable in cash at the closing. BECT has deposited in escrow with the Company's counsel $50,000 (the "Deposit") as security for its obligation to consummate the sale. BECT will also guaranty payment of a three-year $200,000 promissory note to be owed by SCOPE to the Company (the "SCOPE Note"), which will bear interest at 8% per annum and mature May 31, 1995. The SCOPE Note will replace an outstanding note from SCOPE to the Company in the principal amount of $450,000, which presently matures on May 31, 1993. The SCOPE Note will be collateralized by a security interest in all of SCOPE's furniture, fixtures and equipment. The sale is subject to approval by the Company's shareholders and certain other conditions. The Company intends to submit the transaction to its shareholders for approval at its annual meeting, which is presently scheduled to be held in June 1992. The shares to be sold represent all of the issued and outstanding common stock of SCOPE. Subject to approval by the Company's shareholders, the sale is expected to be effected no later than July 31, 1992. The anticipated loss on the sale at July 31, 1992 will be approximately $371,000, including the write-off of approximately $169,000 of cost in excess of net assets acquired related to the original acquisition of SCOPE by the Company and transaction costs of approximately $100,000.

The consolidated statements of operations for the three and six months ended February 29, 1992 and February 28, 1991 present the SCOPE businesses as a discontinued operation. Revenue of the discontinued SCOPE businesses for the three and six months ended February 29, 1992 and February 28, 1991 was $2,300,341, $4,881,215, $1,944,254 and $4,068,320, respectively. The net income of the discontinued SCOPE businesses for the six months ended February 29, 1992 was $80,785; the net loss for the three months ended February 29, 1992 and the three and six months ended February 28, 1991 was $61,916, $277,976 and $480,553, respectively.

(b) **Sports-Tech**

Pursuant to the terms of a Stock Purchase Agreement dated July 26, 1991, the Company sold to Bristol Holdings, Inc., a Nevada corporation unaffiliated with the Company, 750,000 shares of the common stock of Sports-Tech, which was at that time a majority-owned (57.7%) subsidiary of the Company. The shares sold represented all of the outstanding common stock of Sports-Tech then owned by the Company. The consolidated statements of operations for the three and six months ended February 28, 1991 presents the Sports Technology business as a discontinued operation. Revenue of the discontinued Sports Technology business for the three and six months ended February 28, 1991 was $562,603 and $1,221,698, respectively. The net loss of the discontinued Sports Technology business for the three and six months ended February 28, 1991 was $231,503 and $335,550, respectively.

(3) CASH AND CASH EQUIVALENTS

Cash and cash equivalents at February 29, 1992 and August 31, 1991 included approximately $440,000 of cash which represented a portion of the proceeds from the settlement of a lawsuit. Under the agreement to sell the common stock of Sports-Tech, the Company was restricted from using the net cash proceeds from the settlement of the lawsuit during an indemnification period which expired in December 1991. All of the restricted proceeds were released to the Company in January 1992.

For purposes of the accompanying statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(4) MARKETABLE SECURITIES

In December 1991, the Company sold its remaining marketable securities for cash proceeds of approximately $201,000. The carrying value of marketable securities was $88,747 below market value at the time of sale and approximately equal to market value at August 31, 1991.

(5) INCOME TAXES

Due to the Company's current expectation that no ordinary taxable income for Federal or state purposes will be incurred for fiscal 1992 and 1991, no income tax expense/benefit was provided for in the three or six month periods ended February 29, 1992 and February 28, 1991.

(6) INCOME (LOSS) PER COMMON SHARE

For the three and six months ended February 29, 1992, net loss divided by the weighted average number of common shares outstanding during the periods (8,113,985 shares) results in net loss applicable to common shares of $.05 per share during each period. For the three and six months ended February 28, 1991, the net loss divided by the weighted average number of common shares outstanding during the periods (7,878,788 shares and 7,911,691 shares, respectively) results in a net loss applicable to common shares of $.06 and $.16 per share, respectively. Options and warrants have not been considered in the computations of income (loss) per common share because they are antidilutive.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

Working capital at February 29, 1992 was $1,105,727, a decrease of approximately $313,000 from $1,419,091 at August 31, 1991. Excluding the current assets and current liabilities of discontinued operations, working capital at February 29, 1992 was $812,468, a decrease of approximately $394,000 from August 31, 1991, primarily due to the establishment of a reserve of approximately $371,000 related to the expected loss on the sale of SCOPE. The balance of cash and cash equivalents declined by approximately $36,000 to $845,629 at February 29, 1992 from $881,817 at August 31, 1991.

Net cash of approximately $170,000 was used in continuing operating activities in the six months ended February 29, 1992. Accrued expenses decreased by approximately $25,000. The net loss from continuing operations for the six months ended February 29, 1992 of $57,526 includes a gain from the sale of marketable securities of $88,747 during the current quarter. The Company generated net cash proceeds of approximately $201,000 in the period ended February 29, 1992 from the sale of marketable securities.

As a result of the cash provided by the sale of Sports-Tech, the settlement of a lawsuit in August 1991 and the proceeds from the sale of its marketable securities, the Company believes that it will have sufficient cash to pay its continuing operating expenses (consisting principally of the salary of the Company's President and related benefits, office expenses and other general and administrative expenses) through fiscal year 1992.

On March 26, 1992, the Company entered into a Stock Purchase Agreement with BECT for the sale of all the outstanding capital stock of SCOPE. The accompanying consolidated financial statements reflect SCOPE as a discontinued operation (see Note 2 of Notes to Consolidated Financial Statements for further description of this transaction). If the sale of SCOPE is consummated, the Company will not have any continuing business operations. The Board of Directors of the Company has not yet determined what business operations, if any, the Company will conduct following the sale of SCOPE or how the proceeds from such sale, if consummated, will be applied. Whether or not the sale of SCOPE is consummated, the Board of Directors intends to consider a number of alternatives for the Company, including the development or acquisition of new products or businesses, distribution of available cash to the Company's shareholders and repurchase of the Company's securities. Such activities could include the acquisition of an entire company or companies, or divisions thereof, either through a merger or a purchase of assets, as well as investment in the securities of a company or companies, or alternatively a combination with another business in which the Company would not be the surviving corporation. The Company has not entered into any negotiations concerning any such acquisitions or investments. There can be no assurance that the Company will be successful in any such efforts. While the Company does not presently intend to spend in excess of the cash available to it for acquisitions or investments, it is possible that such a transaction in the future could require additional funds. Sources of such capital could include bank borrowings or the sale of debt or equity securities; however, there can be no assurance that the Company would be successful in obtaining such additional funds, if required.

Results of Operations -- Fiscal 1992 Compared With Fiscal 1991

The Company operated in two principal segments in fiscal 1992: the Signal Technology and Defense Systems businesses, which were conducted by SCOPE. During fiscal 1991, the Company also operated in an additional segment, the Sports Technology business, which was conducted by Sports-Tech. SCOPE is expected to be sold no later than July 31, 1992. Accordingly, SCOPE's Signal Technology and Defense Systems businesses are presented as discontinued operations in the accompanying consolidated financial statements. The Company's ownership interest in Sports-Tech was sold in July 1991; and, as a result, the Sports Technology business is presented as a discontinued operation in the accompanying consolidated financial statements. With the proceeds from the sale of SCOPE, the Company may develop, acquire and/or invest in new products or businesses.

As a result of the reclassification of SCOPE and Sports-Tech as discontinued operations, the Company had no revenue from continuing operations during the three and six month periods ended February 29, 1992 and February 28, 1991, respectively. The Company's continuing expenses for such periods consist principally of the salary of the Company's President and related benefits, office expenses and other general and administrative expenses.

Selling, general and administrative expenses increased in the three and six months ended February 29, 1992 to $33,657 and $167,332 compared with $26,317 and $38,465 in the prior year, primarily due to the Company's absorption of costs in the current year that were allocated to its subsidiaries in the prior year. The decreased depreciation expense is primarily due to furniture and equipment reductions by the Company.

Interest income increased to $10,836 in the three months ended February 29, 1992 from $1,412 in the same period of the prior year and increased to $22,948 for the six months ended February 29, 1992 from $2,155 in the same period of the prior year. This increase in earnings is a result of the deposited cash proceeds from the sale of the Sports-Tech common stock and the lawsuit settlement which occurred in July and August 1991, respectively.

The Company sold its remaining shares of ICOT common stock (100,000 shares) in December 1991. As a result of this sale, the Company realized a gain of $88,747 in the three months ended February 29, 1992. Net proceeds of $201,247 were provided by the sale in the three months ended

February 29, 1992, and were used in part to pay the operating expenses of the Company. The Company sold 301,950 shares of ICOT common stock at a loss of $404,023 in the three months ended February 28, 1991. In the six months ended February 28, 1991, the Company had incurred a loss of $492,776 on the sale of 351,950 shares of ICOT common stock. Net proceeds of $110,449 were provided by the sales in the six months ended February 28, 1991 and were used to pay operating expenses of the Company. The Company reversed previously recorded unrealized losses related to marketable securities of $483,493 and $101,275 in the three and six months ended February 28, 1991, respectively.

Net loss for the three and six months ended February 29, 1992 was $368,225 and $348,011 ($.05 per share in each period) compared to a net loss of $461,104 and $1,259,037 ($.06 and $.16 per share, respectively) for the corresponding periods of the prior year. Net loss for the quarter ended February 29, 1992 includes losses from discontinued operations of $61,916 and loss on disposal of $371,270 ($.01 and $.05 per share, respectively). Loss on disposal of $371,270 and income from discontinued operations of $80,785 is included in the net loss for the six months ended February 29, 1992. The net losses of the prior year included loss from discontinued operations of $509,479 ($.07 per share) and $816,103 ($.10 per share) in the three and six month periods ended February 28, 1991, respectively.

LEXICON CORPORATION AND SUBSIDIARIES

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - None

(b) Reports on Form 8-K - None

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LEXICON CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LEXICON CORPORATION
(Registrant)

Date: April 14, 1992 By: Michael Levy
Michael Levy
Chairman of the Board, President
and Chief Executive Officer
(Principal Executive Officer)

Date: April 14, 1992 By:
Steven W. Lowe
Vice President and Treasurer
(Principal Financial and Accounting Officer)

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FORM 10-Q

(Mark One)

☒ Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934,

For the quarterly period ended March 31, 1992 or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 0-15995

MICROAGE, INC.

(Exact name of registrant as specified in its charter)

Delaware (State of incorporation)	86-0321346 (I. R. S. Employer Identification No.)
2308 South 55th Street Tempe, AZ (Address of principal executive offices)	85282 (Zip Code)

Registrant's telephone number, including area code: (602) 968-3168

The registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

The number of shares of the registrant's Common Stock (par value $.01 per share) outstanding at May 5, 1992 was 5,786,164.

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MICROAGE, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

MICROAGE, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

Assets

	March 31, 1992 (Unaudited)	September 30, 1991
Current assets:		
Cash and cash equivalents	$ 4,707	$ 14,691
Accounts and notes receivable, net	44,322	34,759
Inventory, net	119,179	90,801
Other	676	913
Total current assets	168,884	141,164
Property and equipment	13,763	14,038
Intangible assets	2,248	2,675
Other	3,974	3,866
Total assets	$ 188,869	$ 161,743

Liabilities and Stockholders' Equity

	March 31, 1992 (Unaudited)	September 30, 1991
Current liabilities:		
Accounts payable	$ 116,647	$ 111,012
Accrued liabilities	3,436	3,504
Current portion of long-term debt	1,558	1,575
Other	1,317	1,147
Total current liabilities	122,958	117,238
Note payable to bank	1,500	--
Long-term debt	9,952	10,963
Other long-term liabilities	--	45
Stockholders' equity:		
Preferred stock, par value $1.00 per share; Shares authorized: 5,000,000 Issued and outstanding: none	--	--
Common stock, par value $.01 per share; Shares authorized: 20,000,000 Issued: March 31, 1992-5,917,697 September 30, 1991-4,370,154	59	44
Additional paid-in capital	38,495	20,485
Retained earnings	20,277	17,733
Loan to ESOT	(2,879)	(3,126)
Treasury stock, at cost; Shares: March 31, 1992-133,291 September 30, 1991-146,381	(1,493)	(1,639)
Total stockholders' equity	54,459	33,497
Total liabilities and stockholders' equity	$ 188,869	$ 161,743

The accompanying notes are an integral part of these financial statements.

MICROAGE, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	March 31, 1992	March 31, 1991	March 31, 1992	March 31, 1991
Revenue	$ 232,473	$ 189,013	$ 478,696	$ 381,510
Cost of sales	217,378	176,007	448,017	354,063
Gross profit	15,095	13,006	30,679	27,447
Selling, general and administrative expenses	11,274	10,796	22,934	21,044
Freight expense	1,452	1,365	2,962	2,956
Operating income	2,369	845	4,783	3,447
Investment and other income, net	180	97	386	427
Interest expense	461	532	875	743
Income before income taxes	2,088	410	4,294	3,131
Provision for income taxes	851	184	1,750	1,270
Net income	$ 1,237	$ 226	$ 2,544	$ 1,861
Net income per common share	$ 0.25	$ 0.05	$ 0.55	$ 0.43
Weighted average common and common equivalent shares outstanding	4,984	4,362	4,657	4,335

The accompanying notes are an integral part of these financial statements.

MICROAGE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Increase (Decrease) in Cash and Cash Equivalents
(in thousands)

	Six Months Ended	
	March 31, 1992	March 31, 1991
Cash flows from operating activities:		
Net income	$ 2,544	$ 1,861
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,362	1,838
Provision for losses on accounts and notes receivable	306	492
Other	103	73
Changes in assets and liabilities net of business acquisitions:		
Accounts and notes receivable	(9,869)	(3,352)
Inventory	(28,378)	(14,123)
Other current assets	237	258
Other assets	(108)	(738)
Accounts payable	5,635	5,983
Accrued liabilities	(68)	(892)
Other liabilities	125	389
Net cash used in operating activities	(27,111)	(8,211)
Cash flows from investing activities:		
Purchases of property and equipment	(1,633)	(3,819)
Increases in intangible assets	--	(213)
Purchases of businesses	--	(607)
Other investing activities	--	(448)
Net cash used in investing activities	(1,633)	(5,087)
Cash flows from financing activities:		
Net borrowings under line-of-credit agreement	1,500	14,300
Amounts received from ESOT	247	76
Proceeds from issuance of stock, net of issuance costs	18,068	6
Proceeds from issuance of debt	54	2,016
Principal payments on debt	(1,109)	(392)
Net cash provided by financing activities	18,760	16,006
Net increase (decrease) in cash and cash equivalents	(9,984)	2,708
Cash and cash equivalents at beginning of period	14,691	2,458
Cash and cash equivalents at end of period	$ 4,707	$ 5,166

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE A – BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of MicroAge, Inc. (the Company) do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the periods have been included. Operating results for the six month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ending September 30, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10–K for the year ended September 30, 1991.

NOTE B – RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with current year financial statement presentation.

NOTE C – STOCKHOLDERS' EQUITY

On March 5, 1992, the Company completed a public offering of 1,500,000 shares of common stock. The proceeds from the sale, net of issuance costs, were approximately $17,901,000.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $0.5 million to $11.3 million for the three months ended March 31, 1992 as compared to the three months ended March 31, 1991, primarily due to costs associated with increased sales volume. As a percentage of revenue, selling, general and administrative expenses decreased from 5.7% for the three months ended March 31, 1991 to 4.8% for the three months ended March 31, 1992.

Six Months Ended March 31, 1992 Versus Six Months Ended March 31, 1991

Total Revenue. Total revenue increased $97.2 million, or 25.5%, to $478.7 million for the six months ended March 31, 1992 as compared to the six months ended March 31, 1991. This revenue increase includes a $55.3 million increase in sales to Large Account Services clients, a $25.1 million increase in sales to domestic franchisees and an $8.1 million increase in sales to affiliated resellers. These revenue increases were due to increased sales to and through existing franchise locations and affiliated resellers and an increase in the number of locations and reseller agreements between March 31, 1991 and March 31, 1992. Same-location sales (including Large Account Services sales) increased 14.7% between the two periods.

Gross Margin Percentage. The Company's gross margin percentage decreased to 6.4% for the six months ended March 31, 1992 from 7.2% for the six months ended March 31, 1991. The decrease was primarily due to a shift in revenue mix toward lower margin sales coupled with increased competitive pricing pressures. While higher margin sales to franchisees and affiliated resellers and revenue through the Company-owned locations increased between March 31, 1991 and March 31, 1992, they declined as a percentage of total revenue. Lower margin sales to Large Account Services clients increased at a greater rate and comprised 22.0% of the Company's total revenue for the six months ended March 31, 1992 versus 13.1% of revenue for the six months ended March 31, 1991. The Company also experienced a decline in margins on product sales through franchise and affiliated reseller programs and to Large Account clients due to increased competitive pressures and changes in vendors' pricing policies. Additionally, margins declined in Company-owned locations due to increased competitive pressure.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $1.9 million to $22.9 million for the six months ended March 31, 1992 as compared to the six months ended March 31, 1991. This increase was primarily due to costs associated with increased sales volume and to additional expenses related to improving the Company's distribution capacity and capabilities. As a percentage of revenue, selling, general and administrative expenses decreased from 5.5% for the six months ended March 31, 1991 to 4.8% for the six months ended March 31, 1992.

Liquidity and Capital Resources

At March 31, 1992, working capital totaled $45.9 million compared to $23.9 million at September 30, 1991, primarily due to the completion of a public offering of common stock discussed below. The annualized number of days sales in average accounts receivable was 17 days for the quarter ended March 31, 1992 versus 15 days for the quarter ended September 30, 1991. Inventory increased $28.4 million to $119.2 million at March 31, 1992 from September 30, 1991. The Company's annualized inventory turnover averaged 7.9 times for the quarter ended March 31, 1992 compared to 8.9 times for the quarter ended September 30, 1991. The increase in inventory to $119.2 million and the decrease in the turnover ratio are primarily due to the Company taking advantage of quarter-end purchasing opportunities.

The Company maintains a $30 million secured bank credit facility. It also maintains a $50 million inventory financing facility with IBM Credit Corporation (IBMCC), a $40 million inventory financing facility with ITT Commercial Finance Corp. (ITT) and a $10 million inventory financing facility with AT&T Commercial Finance Corporation. These facilities are secured by the Company's assets. Of an aggregate of $130 million in facilities, $76.3 million was unused at March 31, 1992. Excluding the bank facility and a term loan under the ITT facility, indebtedness under these facilities appears as accounts payable in the accompanying financial statements.

On April 20, 1992, the Company requested termination of the AT&T facility because changes in such vendor's program enable the Company to purchase AT&T products using the ITT inventory financing facility.

The bank arrangement and the inventory financing facilities contain certain restrictive covenants including working capital requirements, ratios of debt to tangible net worth, current assets to liabilities and interest coverage, a net income requirement and a limitation on capital expenditures. The Company may be unable to utilize fully the $76.3 million unused at March 31, 1992 to the extent so doing would cause the Company to violate any restrictive covenants or exceed borrowing base limitations. The unavailability of a significant portion of, or the loss of, these financing facilities could have a material adverse effect on the Company.

The Company offers credit terms to certain qualifying end-user clients under the Company's Large Account Services program. The Company has offered credit terms to selected Network locations and is offering these terms to additional qualifying Network locations. As these credit terms are offered to additional Network locations and Large Account Services clients, the Company's receivable and credit risks, as well as its capital needs, will increase.

On March 5, 1992, the Company completed a public offering of 1,550,000 shares of common stock, of which 1,500,000 shares were offered by the Company and 50,000 by certain stockholders. Net proceeds to the Company of $17.9 million were used to reduce working capital borrowings, increase the exercise of early payment discount opportunities offered by certain vendors and to support the Company's continued revenue growth. Based on current operating levels, the Company believes that the offering proceeds, its inventory financing facilities, unused trade credit, bank credit facility and funds generated from operations will be sufficient to meet the Company's cash requirements for the near term. However, in light of the availability of financing at favorable terms, the Company is continuing to explore various financing alternatives, including expanded credit facilities and private placement of debt for increasing available capital, to maximize flexibility and to provide for long-term growth. There can be no assurance that the Company will be able to obtain expanded facilities or other additional financing.

Inflation, Seasonality and Other Considerations

The Company believes that inflation has generally not had a material impact on its operations, as the costs of computers and related products have generally decreased due to technological innovations and economies of scale realized from the mass production of such products.

Although the Company's financial performance has not exhibited significant seasonality in the past, the computer industry in general tends to follow a seasonal pattern with peaks tending to occur near the end of the calendar year, due primarily to special vendor promotions and year-end business purchases.

The Company receives funds from certain vendors based on the Company's purchases or sales of that vendor's products. These funds are earned by the performance of specific marketing programs or other objectives determined by the vendor and are applied against cost of sales or operating expenses, depending on the type of program. There can be no assurance that these programs will be continued by the vendors.

The Company's future results could be affected by conditions in the computer industry and the general economy such as a recessionary period, increased energy costs or fluctuations in interest rates.

PART II. OTHER INFORMATION

Item 2. Changes in Securities

See Item 4 hereof for information relating to adoption by stockholders of amendments to the Company's Restated Certificate of Incorporation, as amended (the "Restated Certificate") to: (i) classify the Board of Directors to provide for staggered terms for directors; (ii) provide that directors may be removed only for cause and only by a supermajority vote of stockholders; (iii) provide that action by written consent of stockholders may be taken only by unanimous consent of all stockholders entitled to vote on such action; (iv) amend certain provisions of the article of the Restated Certificate fixing the number of directors and including a supermajority vote applicable to amendment of such article and certain of the Company's By-Laws; (v) provide that amendments to certain provisions of the Restated Certificate and stockholder amendments to the Company's By-Laws may be made only by a supermajority vote of the stockholders; (vi) amend provisions of the Restated Certificate with respect to personal liability and indemnification of officers and directors of the Company; and (vii) amend and restate in full the Restated Certificate.

The above-described amendment to classify the Board of Directors became effective on February 26, 1992. All of the other above-described amendments became effective on March 2, 1992 upon filing of a restatement in full of the Company's Restated Certificate.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The annual meeting of stockholders (the Meeting) was held on February 26, 1992. The Meeting was adjourned and reconvened on February 28, 1992 for the sole purposes of closing the polls and announcing the vote of the stockholders approving a proposal to amend certain provisions of the article of the Restated Certificate which fixed the number of directors and provided for a supermajority vote to amend such provision and certain provisions of the Company's By-Laws.

(b) Not applicable.

(c) The following matters were voted upon at the Meeting:

(i) An amendment to the Restated Certificate to classify the Board of Directors of the Company into three classes was approved by a vote of 2,651,540 shares; 488,115 shares voted against the amendment and 842,503 shares abstained. The following six individuals were elected at the meeting to serve for the following terms: Messrs. William H. Mallender and Keiichi Eguchi whose terms expire at the 1993 annual meeting; Messrs. Alan P. Hald and Steven G. Mihaylo whose terms expire at the 1994 annual meeting; and Messrs. Jeffrey D. McKeever and Fred Israel whose terms expire at the 1995 annual meeting.

(ii) An amendment to the Restated Certificate to provide that directors may be removed only for cause and only by a supermajority vote of the stockholders was approved by a vote of 2,424,909 shares; 715,501 shares voted against the amendment and 841,748 shares abstained.

(iii) An amendment to the Restated Certificate to provide that action by written consent of stockholders may be taken only by unanimous consent of all stockholders entitled to vote on such action was approved by a vote of 2,463,124 shares; 682,441 shares voted against the amendment and 836,593 shares abstained.

(iv) An amendment to the Restated Certificate to amend certain provisions of the article thereof fixing the number of directors and including a supermajority vote applicable to amendment of such article and certain of the Company's By-Laws was approved by a vote of 3,254,118 shares; 76,214 shares voted against the amendment and 651,826 shares abstained.

(v) An amendment to the Restated Certificate to provide that amendments to certain provisions thereof and stockholders' amendments to the By-Laws of the Company may be made only by a supermajority vote of the stockholders was approved by a vote of 2,425,090 shares; 704,844 shares voted against the amendment and 852,224 shares abstained.

(vi) An amendment to the Restated Certificate with respect to personal liability and indemnification of officers and directors of the Company was approved by a vote of 3,487,609 shares; 309,773 shares voted against the amendment and 184,776 shares abstained.

(vii) A proposal to restate in full the Restated Certificate was approved by a vote of 3,126,056 shares; 367,773 shares voted against the amendment and 488,329 shares abstained.

(viii) An amendment to the 1989 Stock Option Plan to increase the number of shares available for issuance thereunder from 300,000 to 800,000 was approved by a vote of 2,712,886 shares; 571,025 shares voted against the amendment and 698,247 shares abstained.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 11.1	Primary EPS Detail Calculation
Exhibit 11.2	Fully Diluted EPS Detail Calculation

(b) Reports on Form 8-K. Pursuant to Item 5 of Form 8-K, the Company filed a report on Form 8-K dated March 2, 1992 reporting a restatement in full of the Restated Certificate including certain amendments to the Restated Certificate (see Item 4, above) and the By-Laws of the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MICROAGE, INC.
(Registrant)

Date: May 13, 1992

Jeffrey D. McKeever, Chairman of the
Board and Chief Executive Officer

Date: May 13, 1992

John H. Andrews, Vice President
and Chief Financial Officer

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EXHIBIT INDEX

Exhibit No.	Description	Page No.*
11.1	Primary EPS Detail Calculation	14
11.2	Fully Diluted EPS Detail Calculation	15

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* Included only in manually signed original.

EXHIBIT 11.1

MICROAGE, INC.
PRIMARY EPS DETAIL CALCULATION

	Six Months Ended March 31, 1992	Six Months Ended March 31, 1991
Common stock		
Common shares	4,503,971	4,190,064
Common stock equivalents		
Warrants and options	152,939	145,342
Total weighted average common and common equivalent shares outstanding	4,656,910	4,335,406
Net income available for EPS	$ 2,544,000	$ 1,861,000
Primary EPS total	$ 0.55	$ 0.43

Page 14 of 15

EXHIBIT 11.2

MICROAGE, INC.
FULLY DILUTED EPS DETAIL CALCULATION

		Six Months Ended March 31, 1992	Six Months Ended March 31, 1991
Income available for primary EPS		$ 2,544,000	$ 1,861,000
Shares:	per primary EPS	4,656,910	4,335,406
	additional shares issuable	29,225	16
		4,686,135	4,335,422
EPS: Net income		$ 0.54	$ 0.43

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 or 15(d)

OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED MARCH 31, 1992
COMMISSION FILE NO. 0-9877

MSI ELECTRONICS INC.
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organizaion)	11-1969354 (I.R.S. Employer Identification Number)
34-32 57th Street, Woodside, N.Y. (Address of principal executive offices)	11377 (Zip Code)

Registrant's telephone number, including area code:
(718) 672-6500

Indicate by mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Ecxhange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such report) and (2) has been subject to such filing requirements for the past 90 days: YES_ X__NO____

Number of shares outstanding of each class of common stock:

Common Stock, $.03 par value	1,125,623 Shares outstanding at May 12, 1992

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MSI ELECTRONICS INC.

Form 10-Q Quarterly Report
For the Six Months
Ended March 31, 1992

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

This report is being filed for the following group of companies:

MSI Electronics Inc. and Subsidiaries:

MSI Semiconductor Corp. (1)
Elyon Electronics Ltd. (2)
Xadax Inc. (1)

---

(1) 100% owned
(2) 98% owned English corporation

MSI ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

	As At	
	March 31, 1992 Unaudited	September 30, 1991
Current assets		
Cash in banks	$ 215,544	$ 209,768
Temporary cash investments	2,077,911	2,398,895
Receivables	190,308	292,329
Inventories (Note B)	448,786	400,711
Marketable securities	170,710	170,710
Accrued interest receivable	13,150	14,416
Prepaid expenses	18,867	44,869
Total current assets	3,135,276	3,531,698
Property, plant and equipment	878,820	872,875
Less accumulated depreciation	811,615	796,128
Total property plant and equipment	67,205	76,747
Other assets	3,650	3,650
Total assets	$3,206,131	$3,612,095

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities		
Accounts payable	$ 149,928	$ 356,799
Taxes payable	4,945	12,416
Total current liabilities	154,873	369,215
Shareholders' equity		
Common stock - par value $.03		
Authorized - 5,000,000 shares		
Issued-1,418,448 shares	42,554	42,554
Capital in excess of par value	420,201	420,201
Retained earnings	3,032,951	3,169,536
Currency translation adjustments	28,252	28,252
	3,523,958	3,660,543
Less treasury stock at cost	472,700	417,663
Total shareholders' equity	3,051,258	3,242,880
Total liabilities and shareholders' equity	$3,206,131	$3,612,095

MSI ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

UNAUDITED

FOR THE SIX MONTHS ENDED MARCH 31,

	1992	1991
Net sales	$ 560,250	$ 770,260
Cost of goods sold	457,104	635,961
Gross income on sales	103,146	134,299
Selling and administrative expenses	300,833	307,953
Net operating (loss)	(197,687)	(173,654)
Investment income	64,580	92,246
Net (loss) before income taxes	(133,107)	(81,408)
Provision for income taxes	3,478	6,912
Net (loss) for period	$(136,585)	$(88,320)
Net (loss) per share of common stock		
Based on the weighted average number of shares outstanding (1,154,167 in 1992 and 1,166,501 in 1991)	$(.12)	$(.08)

MSI ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

UNAUDITED

FOR THE THREE MONTHS ENDED MARCH 31,

	1992	1991
Net sales	$ 293,115	$ 405,036
Cost of goods sold	215,156	418,420
Gross income on sales	77,959	(13,384)
Selling and administrative expenses	144,913	155,196
Net operating (loss)	(66,954)	(168,580)
Investment income	30,832	46,109
Net (loss) before income taxes	(36,122)	(122,471)
Provision for income taxes	1,998	2,997
Net (loss) for period	$(38,120)	$(125,468)
Net (loss) per share of common stock		
Based on the weighted average number of shares outstanding (1,154,167 in 1992 and 1,166,501 in 1991)	$(.03)	$(.11)

MSI ELECTRONICS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

FOR THE SIX MONTHS ENDED MARCH 31,

	1992	1991
Net (loss)	$(136,585)	$(88,320)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,487	18,415
Gain on sale of fixed assets	-0-	(9,702)
Change in assets and liabilities:		
Decrease in receivables	103,287	20,268
(Increase) decrease in inventories	(48,075)	43,760
(Increase) decrease in prepaid expenses	26,002	(7,448)
(Decrease) in accounts payable	(206,871)	(78,578)
(Decrease) in taxes payable	(7,471)	(39,425)
Net cash used by operating activities	(254,226)	(141,030)
Investing activities:		
Purchase of property, plant and equipment	(5,945)	(29,195)
Proceeds from sale of property, plant and equipment	-0-	9,800
Net cash used by investing activities	(5,945)	(19,395)
Financing activities:		
Purchase of treasury stock	(55,037)	(16,813)
Net cash used by financing activities	(55,037)	(16,813)
Net (decrease) in cash and cash equivalents	(315,208)	(177,238)
Cash and cash equivalents at October 1,	2,608,663	2,531,966
Cash and cash equivalents at March 31,	$ 2,293,455	$ 2,354,728

MSI ELECTRONICS INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

MARCH 31, 1992

Note A - Basis of Presentation:

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six month and three month periods ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended September 30, 1992. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended September 30, 1991.

Note B - Inventories:

Valuation of inventories was based on the gross profit percentage method determined from the physical inventory of September 30, 1991 and consisted of the following:

	March 31,	
	1992	1991
Finished goods	$122,470	$ 88,661
Work in Process	10,794	16,504
Raw Materials	315,522	277,330
Total	$448,786	$382,495

Condition and Results of Operations

Results of Operations

Net sales for the six months ended March 31, 1992, 1991 and 1990 were $560,250, $770,260 and $563,021. The decrease of $210,010 in 1992 from 1991 was due principally to the general decrease in sales of semiconductors to defense related industries and to the decrease in sales of a proprietary line of semiconductor assemblies. The increase of $207,239 (36.8%) in 1991 over 1990 was due principally to the increased sales of the above proprietary line of semiconductor assemblies.

Selling and administrative expenses were $300,833 in the six months ended March 31, 1992, $307,953 in the 1991 period and $345,711 in the 1990 period. The decrease of $37,758 (10.9%) in 1991 from 1990 was due to a general decrease of expenditures during this period.

Investment income for the six months ended March 31 1992 was $64,580 compared to $92,246 and $196,530 for the 1991 and 1990 periods. The decrease of $27,666 (30.0%) in the 1992 period was due to a general decrease in interest rates. The decrease of $104,284 (53.1%) in the 1991 period was due to a general decrease in interest rates, a decrease in the availability of investment funds principally as a result of the adverse affect of the losses in the prior period and the non-recurring profit of $75,326 from the sales of marketable securities in the 1990 period.

Income tax of $3,478 in the March 31, 1992 period showed a decrease of $3,434 from $6,912 in the 1991 period. In the 1991 period as compared to the 1990 period there was a decrease of $1,474.

Net loss for the six months ended March 31, 1992 increased by $48,265 from a loss in 1991 of $88,320 to a loss of $136,585 in 1992. Comparing 1991 and 1990, there was an increase in loss of $24,706 from $63,614 to $88,320. Both increases in losses resulted from a decrease in sales and investment income.

For the third quarter ending June 30, 1992 sales are estimated to be 50% of sales for the comparable 1991 quarter.

The Company organized a wholly owned subsidiary on January 7, 1992 called Xadax Inc. This Company has been formed to develop and market software based on the Ada language, principally to contractors doing business with the Department of Defense.

Liquidity and Capital Resources

Of its total assets at March 31, 1992, the Company had 76.9% or an aggregate of $2,464,165 consisting of $2,293,455 in cash and in temporary investments including certificates of deposit, money market funds and $170,710 in marketable securities. The major application of the Registrant's liquid position is to take advantage of opportunities to expand its business into other areas of high technology, either by acquisition, investment or expansion from within. New outside opportunities are continually being sought. In addition, new product developments within the Registrant are being continued in diodes, in semiconductor measurement instruments and software development. While the increased emphasis on broadening the Registrant's product lines and sales base will be financed in the foreseeable future from cash and liquid investments on hand, the Company believes other sources of financing , including public offerings, are available should there be increased demands for cash.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: Woodside, New York
May 14, 1992

MSI ELECTRONICS INC.

By Albert Lederman
Albert Lederman, President
Chief Executive Officer
and Chief Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

92-2275

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

Commission File Number: 2-99080 -NY

NATIONAL DIVERSIFIED SERVICES, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

11-2820379
(I.R.S. Employer Identification No.)

104 East 25th Street, 10th Floor
New York, New York
(Address of principal executive offices)

10010
(Zip Code)

Registrant's telephone number, including area code: (212) 353-8280

None
(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes X . No ___.

6,548,870 Common Shares, $.001 par value were issued and outstanding at March 31, 1992.

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NATIONAL DIVERSIFIED SERVICES, INC.

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Item 1. Financial Statements	
Consolidated Balance Sheets March 31, 1992 (Unaudited) and December 31, 1991	3
Consolidated Statements of Operations Three Months ended March 31, 1992 and March 31, 1991	4
Consolidated Statements of Cash Flows Three Months ended March 31, 1991 and March 31, 1991	5
Notes to Financial Statements (Unaudited)	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7
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NATIONAL DIVERSIFIED SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	MARCH 31, 1992 (Unaudited)	DECEMBER 31, 1991 (Audited)
CURRENT ASSETS:		
Cash and cash equivalents	$285,087	$284,884
PROPERTY AND EQUIPMENT, at cost, net of accumulated depreciation of $6,890 at March 31, 1992 and $595 at December 31, 1991	845	939
TOTAL	$285,932	$285,823

LIABILITIES AND STOCKHOLDERS' EQUITY

	MARCH 31, 1992 (Unaudited)	DECEMBER 31, 1991 (Audited)
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 3,655	$ 3,005
Accrued salaries - officer	58,750	58,750
Total current liabilities	62,405	61,755
STOCKHOLDERS' EQUITY:		
Common stock, $.001 par value:		
Authorized - 30,000,000 shares		
Issued - 6,553,870 shares	6,554	6,554
Additional paid-in capital	705,755	705,755
Total	712,309	712,309
Deficit	(488,777)	(488,236)
Balance	223,532	224,073
Less: 5,000 shares of treasury stock, at cost	(5)	(5)
Total stockholders' equity	223,527	224,068
TOTAL	$285,932	$285,823

NATIONAL DIVERSIFIED SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	THREE MONTHS ENDED MARCH 31, 1992	THREE MONTHS ENDED MARCH 31, 1991
REVENUES - INTEREST	$ 3,149	$ 3,635
GENERAL AND ADMINISTRATIVE EXPENSES	3,690	6,966
NET LOSS	$ (541)	$(3,331)
NET LOSS PER SHARE, BASED ON THE WEIGHTED AVERAGE SHARES OUTSTANDING	$ - *	$ - *
NUMBER OF SHARES USED TO COMPUTE LOSS PER SHARE	6,548,870	6,548,870

*Less than $.01 per share

NATIONAL DIVERSIFIED SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	THREE MONTHS ENDED MARCH 31, 1992	THREE MONTHS ENDED MARCH 31, 1991
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities:		
Net loss	$ (541)	$ (3,331)
Adjustments to reconcile results of operations to net cash used for operating activities:		
Depreciation and amortization	94	199
Changes in assets and liabilities:		
Accounts payable and accrued expenses	650	(1,582)
Total adjustments	744	(1,383)
Net cash provided by (used in) operating activities	203	(4,714)
NET CHANGE IN CASH AND CASH EQUIVALENTS	203	(4,714)
Cash and cash equivalents - beginning	284,884	289,434
CASH AND CASH EQUIVALENTS - ending	$285,087	$284,720

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:
There was no cash paid for interest and income taxes for the three months ended March 31, 1992 and 1991.

NATIONAL DIVERSIFIED SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The attached summarized financial information does not include all disclosures required to be included in a complete set of financial statements prepared in conformity with generally accepted accounting principles. Such disclosures were included with the consolidated financial statements of the Company at December 31, 1991, included in its annual report on Form 10-K. Such statements should be read in conjunction with the data herein.

NOTE 2 - ADJUSTMENTS

The financial information reflects all normal recurring adjustments which, in the opinion of management, are deemed necessary for a fair presentation of the results for the interim periods. The results for the interim periods are not necessarily indicative of the results to be expected for the year.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

During the first three months of 1992, the Company had no revenues other than interest income since the Company terminated its import and sale business operations as described below.

Termination of Import and Sale Business

The Company had a five-year employment agreement with Raymond Lockey, Jr. which provided for a weekly salary of $2,692. The agreement also provided for him to purchase 4,786,000 shares of the Company's Common Stock at a purchase price of $47,860. These shares were placed in escrow pending payment. Pursuant to a Letter Agreement (the "Letter Agreement") dated October 10, 1990 between the Company and Raymond Lockey Jr., the Company agreed to pay Mr. Lockey's full salary as per the Employment Agreement dated as of November 22, 1989 through October 3, 1990 and the fourth quarter of his disability insurance. Pursuant to said Letter Agreement, Mr. Lockey agreed that the Company has the right to terminate all future compensation due to him under the Employment Agreement and that between the period October 10,1990 through November 3, 1990, the Company and Mr. Lockey will attempt to negotiate a revised Employment Agreement with respect to compensation. Since a mutually satisfactory agreement was not reached by November 3, 1990, the date contemplated in the Letter Agreement, the Company terminated the Employment Agreement with Raymond Lockey in all respects in accordance with the terms of the Letter Agreement.

Since the Employment Agreement has been terminated, the Company repurchased the 4,786,000 shares owned by Mr. Lockey that were held in escrow at a cost of $47,860 via the cancellation of Mr. Lockey's indebtedness to the Company in a like amount including all accrued and unpaid interest. In addition, in February 1991, Mr. Lockey notified the escrow agent that he was not and never was a stockholder of the Company. Accordingly, the 4,786,000 shares were released from escrow and returned to the status of authorized but unissued shares.

Due to the non-profitability of the Company's business operations during 1990, the Company elected to terminate its import and sale business operations. The Company is presently exploring various business opportunities that may be available to it.

Liquidity and Capital Resources

Financing of the Company's activities has been provided from the public sale of its securities for cash amounting to a net of approximately $600,000. At March 31, 1992, the Company's working capital amounted to $222,682 with cash assets of $285,087.

During the second quarter of 1990, the Company entered into a Letter of Credit facility with a lender, which provides for sight letters of credit of up to $1,500,000. The agreement with the lender provides for specific charges and fees for the opening and negotiation of the letters of credit. The facility is collateralized by accounts receivable (including the assignment of the credit insurance policy), inventories, property, plant and equipment and general intangibles of the Company.

The agreement granted 40,000 shares of the Company's Common Stock to the lender or its agent at a cost equal to the par value of the shares. As of March 31, 1992, these shares have not been issued or paid for. In connection with the agreement, there are certain restrictions on the Company involving indebtedness, additional letters of credit, investments, acquisitions, capital expenditures and payments to related parties. As a result of the Company's termination of its business operations, Management believes that its institutional lender will no longer permit the Company to draw upon its line-of-credit. Further, the Company intends to seek the termination of its current lending agreement with such lender.

NATIONAL DIVERSIFIED SERVICES, INC.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings: None

Item 2. Changes in Securities: None

Item 3. Defaults Upon Senior Securities: None

Item 4. Submission of Matters to a Vote of Security Holders:

None

Item 5. Other Information: None

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits - None

(b) No reports on Form 8-K were filed during the quarter ended March 31, 1992.

NATIONAL DIVERSIFIED SERVICES, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL DIVERSIFIED SERVICES, INC.
(Registrant)

Dated: May 29, 1992

Morry F. Rubin, President, Chief
Executive, Financial and
Accounting Officer

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 29, 1992
or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period ended ______________

Commission File Number: 033-33556-D

REGIONAL EQUITIES CORPORATION
(Exact name of registrant as specified in its charter)

Colorado	84-1122431
(State of Incorporation)	(I.R.S. Employer I.D. Number)
1210 South Parker Road, Suite 200, Denver, CO	80231
(Address of Principal Executive Offices)	(Zip Code)

(303) 369-6633
(Registrant's telephone number including area code)

____
(Former name, address and fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to filed such reports), and (2) has been subject to such filing requirements for the past 90 days.
[x] Yes [ ] No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
[ ] Yes [ ] No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

February 29, 1992 No Par, Common Stock 101,000,000 shares
Class A, B,C Redeemable Wts. 148,800,000 Warrants

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

See attached.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company completed its public offering of common stock units (including A, B and C warrants) in May, 1990. The maximum amount of $480,000 was reached and net proceeds after all related expenses was approximately $392,000. The Company's working capital at February 29, 1992 is nearly equal to its equity with excellent liquidity as a result of the funds raised in the public offering. It is not incurring any significant operating or general and administrative expenses on a regular basis at the current time. It utilizes the office space of its president on a rent free basis but does pay for office supplies, long distance telephone and secretarial support on an as incurred basis.

In September, 1990, the Company began its preliminary evaluation of possible business opportunities in its search for a suitable merger, acquisition or joint venture equity investment candidate. During the period through the date of this report, travel and other various related expenses have been incurred. Such expenses will be kept to a minimum commensurate with the opportunities available and the investigation required. It is expected that the regular interest earnings on its working capital funds on deposit in a financial institution will continue to provide adequate funds for the aforementioned expenses. The Company is not currently engaged in any active negotiations related to such an opportunity but continues to review possible candidates on an ongoing basis.

PART II - OTHER INFORMATION

Items 1 through 6 of this Part are not applicable (unless noted below) as there are no such matters required to be reported.

Item 2. Changes in Securities

(a) The Company's warrants to purchase its common shares designated as A, B and C warrants have each been extended for a period of one year through April 12, 1993, 1994 and 1995, respectively. All other terms of the warrants remain the same.

Item 6. Exhibits and Reports on Form 8-k

(b) The Company has filed a report on Form 8-k concurrent with this Form 10-Q to report its common stock purchase warrants (Class A, B and C) have been extended for a period of one year each. The warrants allow the holders to purchase its common shares at a price of $.02, $.03 and $.04 through April 12, 1993, 1994 and 1995, respectively.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGIONAL EQUITIES CORPORATION

April 10, 1992
Date

M. James Herbic, President

April 10, 1992
Date

James A. Hesman
James A. Hesman, Treasurer

REGIONAL EQUITIES CORPORATION
(A Development Stage Company)
BALANCE SHEETS

	February 29, 1992	November 30, 1991
ASSETS		
Current Assets		
Cash in bank	$ 23,192	$ 33,121
Certificates of deposit	374,120	374,120
Accrued interest receivable	16,103	11,426
	413,415	418,667
Other Assets		
Organization costs	242	267
TOTAL ASSETS	$ 413,657	$ 418,934
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 2,327	$ 428
Income Taxes Payable	-	2,511
TOTAL LIABILITIES	2,327	2,939
Stockholders' Equity		
Common stock	405,809	405,809
Retained earnings	5,521	10,186
TOTAL STOCKHOLDERS' EQUITY	411,330	415,995
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 413,657	$ 418,934

The accompanying notes are an integral part of this statement.

REGIONAL EQUITIES CORPORATION
(A Development Stage Company)
STATEMENT OF OPERATIONS
FOR THE QUARTER AND THREE MONTHS ENDED FEBRUARY 29, 1992
AND THE PERIOD FROM INCEPTION (AUGUST 3, 1989)
THROUGH FEBRUARY 29, 1992

	Quarter	Year To Date	Cumulative
REVENUES	$ -	$ -	$ -
EXPENSES			
Amortization	25	25	258
Office expense/supplies	1,935	1,935	6,171
Postage and delivery	-		14
Stock listing expense	250	250	6,743
Travel and entertainment	3,152	3,152	12,420
Subscriptions	-		1,338
Bank charges	-	-	227
Professional fees	3,980	3,980	7,750
TOTAL EXPENSES	9,342	9,342	34,921
OTHER INCOME - Interest	4,677	4,677	42,953
INCOME (LOSS) BEFORE INCOME TAXES	(4,665)	(4,665)	8,032
INCOME TAX PROVISION	-	-	2,511
NET INCOME (LOSS)	$ (4,665)	$ (4,665)	$ 5,521
NET INCOME (LOSS) PER COMMON SHARE	$ -	$ -	$ -

The accompanying notes are an integral part of this statement.

REGIONAL EQUITIES CORPORATION
(A Development Stage Company)
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE PERIOD FROM INCEPTION (AUGUST 3, 1989) TO FEBRUARY 29, 1992

	Common Stock		Retained Earnings (Deficit)
	Shares	Amount	
Balances, Inception	-	$ -	$ -
Sale of common shares (Note 3)-			
For cash, $.0001 per share	31,200,000	3,120	
For cash, $.0003 per share	20,800,000	6,240	
For cash, $ .004 per share	1,000,000	4,000	
Net loss for the period			(254)
Balances, November 30, 1989	53,000,000	13,360	(254)
Sale of common shares (Note 3)-			
Gross cash proceeds	48,000,000	480,000	
Offering costs		(87,651)	
Sale of underwriter warrants		100	
Net loss for the year			(60)
Balances, November 30, 1990	101,000,000	405,809	(314)
Net income for the year			10,500
Balances, November 30, 1991	101,000,000	$405,809	$ 10,186
Net loss for the three months ended February 29, 1992			(4,665)
Balances, February 29, 1992	101,000,000	$405,809	$ 5,521

The accompanying notes are an integral part of this statement.

REGIONAL EQUITIES CORPORATION
(A Development Stage Company)
STATEMENT OF CASH FLOWS
FOR THE QUARTER AND THREE MONTHS ENDED FEBRUARY 29, 1992 AND THE PERIOD FROM INCEPTION (AUGUST 3, 1989) THROUGH FEBRUARY 29, 1992

	February 29, 1992 Quarter	February 29, 1992 Year To Date	Inception through 2/29/92
OPERATING ACTIVITIES			
Net income (loss)	$ (4,665)	$ (4,665)	$ 5,521
Adjustments to reconcile net loss to cash provided by operating activities-			
Amortization	25	25	258
In(De)crease in accounts payable	(612)	(612)	2,327
Net cash provided by operations	(5,252)	(5,252)	8,106
INVESTING ACTIVITIES			
Payment for organization costs	-	-	(500)
Increase in cert. of deposit	-	-	(374,120)
(In)Decrease in acc interest rec.	(4,677)	(4,677)	(16,103)
Net cash applied to investing	(4,677)	(4,677)	(390,723)
FINANCING ACTIVITIES			
Issuance of common stock	-	-	493,360
Sale of underwriter warrants	-	-	100
Payment of offering costs	-	-	(87,651)
Net cash provided by financing	-	-	405,809
NET INCREASE (DECREASE) IN CASH	(9,929)	(9,929)	23,192
CASH, BEGINNING OF PERIOD	33,121	33,121	-
CASH, END OF PERIOD	$ 23,192	$ 23,192	$ 23,192

The accompanying notes are an integral part of this statement.

REGIONAL EQUITIES CORPORATION
(A Development Stage Company)
NOTES TO FINANCIAL STATEMENTS
February 29, 1992

NOTE A - ORGANIZATION AND BUSINESS

Regional Equities Corporation (a development stage company) was incorporated under the laws of the State of Colorado on August 3, 1989. The Company intends to evaluate various business opportunities for the purpose of a business merger, acquisition or joint venture equity investment. As the Company has not entered into any such transactions and is not presently involved in any negotiations regarding such an opportunity, it is considered to be in the development stage as defined by Statement 7 of the Financial Accounting Standards Board.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Organization Costs - These costs include professional fees and other expenses directly attributable to the Company's organization and are amortized using the straight line method over a period of five years.

Net Income (Loss) per Common Share - The net income (loss) per common share is determined using the weighted average number of shares issued and outstanding during the period, according to Rules of the Securities and Exchange Commission. Such rules require that any stock sold a nominal value, as compared to the public offering price should be considered outstanding for the entire period of operations.

Cash Flows - For purposes of reporting cash flows, cash and cash equivalents include only cash in regular checking and money market accounts with withdrawals by check permitted. All short term investments, i.e. certificates of deposit are not included in cash and cash equivalents regardless of their original maturities.

NOTE C - CERTIFICATES OF DEPOSIT

The Company invests its excess cash funds in certificates of deposit with a commercial banking institution. The maturites of such certificates ranges from 90 to 360 days at interest rates ranging from 4.7% to 5.85%.

NOTE C - STOCKHOLDERS' EQUITY

In May, 1990, the Company successfully completed a public offering of 80,000 units consisting of 600 shares of its common stock, 600 Class A Warrants, 600 Class B Warrants and 600 Class C Warrants. Each Class A Warrant entitles the holder to purchase one share of common stock at $.02 per share until April 12, 1993; each Class B Warrant entitles the holder to purchase one share of common stock at $.03 per share until April 12, 1994; each Class C Warrant entitles the holder to purchase one share of common stock at $.04 per share until April 12, 1995. The gross proceeds of the offering were $480,000 and the related offering expenses were $87,651. In connection with the offering, the Company sold to its underwriter for $100 warrants to purchase 4,800,000 shares of its common stock at a price of $.012 per share until April 12, 1995. Through February 29, 1992, no warrants have been exercised.

Prior to the public offering, the Company sold 53,000,000 shares of its common stock for cash at various prices per share receiving $13,360 in gross proceeds.

NOTE D - RELATED PARTY TRANSACTIONS

The Company occupies space in the offices of its President on a rent free basis. It pays for office supplies, long distance telephone, secretarial services and professional accounting services provided by a company in which its President is a shareholder on an as incurred basis. The amount of such charges were $4,117 and $1,177 for the years ended November 30, 1991 and 1990, respectively. Such charges were $887 for the quarter ended February 29, 1992.

NOTE E - INCOME TAXES

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due. The Company has no reporting differences between financial and tax reporting.

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED January 31, 1992	COMMISSION FILE NUMBER 33-35891-NY

RMA CAPITAL FUNDING CORP.

(Exact name of registrant as specified in its charter)

FLORIDA	59-2948532
(State or other jurisdiction)	(I.R.S. Employer Identification Number)
1441 THIRD AVENUE, NEW YORK, NEW YORK	10028
(Address of principal executive offices)	(Zip Code)

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Registrant's telephone number, including area code: (212) 734-1848

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Former name, former address and forme [illegible] changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days: The registrant has been subject to filing requirements pursuant to the Securities Act of 1933 since November 4, 1991, when its Form S-18 Registration Statement became effective.

Yes X No

Common shares outstanding January 31, 1992 800,000

RMA CAPITAL FUNDING CORP.
(Unaudited)

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BNA CAPITAL FUNDING CORP.
(A Development Stage Company)
BALANCE SHEETS

	January 31, 1992	April 30, 1991
ASSETS		
Current Assets		
Cash In Escrow	$ -	$ -
Total Current Assets	-	-
Other Assets		
Organization Costs-Net of Accumulated Amortization of $95 and $87	5	23
Deferred Registration Costs	18,575	14,700
Total Other Assets	18,580	14,723
TOTAL ASSETS	$ 18,580	$ 14,723
LIABILITIES AND STOCKHOLDERS' EQUITY(DEFICIT)		
Current Liabilities		
Accounts Payable	$ 15,900	$ 12,200
Total Current Liabilities	15,900	12,200
Long-Term Liabilities		
Due to Stockholder	2,762	1,680
Stockholders' Equity(Deficit)		
Common Stock, $.001 par value: 20,000,000 shares authorized, 800,000 and 40,000 shares issued and outstanding	800	800
Additional Paid in Capital	2,500	2,500
Deficit Accumulated During Development Stage	(3,382)	(2,457)
Total Stockholders' Equity(Deficit)	(82)	843
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY(DEFICIT)	$ 18,580	$ 14,723

(The accompanying notes are an integral part of these financial statements)

RMA CAPITAL FUNDING CORP.
(A Development Stage Company)
STATEMENTS OF OPERATIONS

	Three Months Ended January 31,		Nine Months Ended January 31,		Cumulative From Inception July 15, 1987 to January 31,
	1992	1991	1992	1991	1992
Sales	$ -	$ -	$ -	$ -	$ -
Preoperative Expenses					
Amortization of Organization Cost	6	6	18	18	95
General and Administrative	700	-	761	2,100	3,061
Interest	57	-	146	-	226
Total Preoperative Expense	763	6	925	2,118	3,382
Net Loss	$ (763)	$ (6)	$ (925)	$ (2,118)	$ (3,382)
Net Loss Per Common Share	$ .00	$ .00	$ .00	$ .00	$ .00
Number of Shares Outstanding	800,000	800,000	800,000	800,000	800,000

(The accompanying notes are an integral part of these financial statements)

RMA CAPITAL FUNDING CORP.
(A Development Stage Company)
STATEMENTS OF CASH FLOWS

	Nine Months Ended January 31, 1992	Nine Months Ended January 31, 1991	Cumulative From Inception July 15, 1987 To January 31, 1992
Cash Flows from Operating Activities:			
Net Loss	$ (925)	$ (2,118)	$ (3,382)
Adjustments to Reconcile Net Loss to Net Cash Provided By Operating Activities			
Amortization	18	18	95
Stock Issued for General and Administrative Expense	-	-	200
Increase in Deferred Registration Costs	(3,875)	(5,200)	(18,575)
Increase in Accounts Payable	3,700	2,700	15,900
Net Cash Used by Operating Activities	(1,082)	(4,600)	(5,762)
Cash Flows from Financing Activities:			
Loans from Stockholder	1,082	1,600	2,762
Sale of Shares of Stock	-	-	3,000
Net Cash Provided from Financing Activities	1,082	1,600	5,762
Net Increase (Decrease) in Cash	-	(3,000)	-
Cash at Beginning of Period	-	3,000	-
Cash at End of Period	$ -	$ -	$ -

(The accompanying notes are an integral part of these financial statements)

RMA CAPITAL FUNDING CORP.

Notes to Financial Statements
January 31, 1992
(Unaudited)

NOTE 1: The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10 Q and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair representation have been included. Operating results for the nine months ended January 31, 1992 are not necessarily indicative of the results that may be expected for the year ending April 30, 1992. These statements should be read in conjunction with the financial statements and notes thereto included in Form S-18 for the year ended April 30, 1991.

NOTE 2: PUBLIC OFFERING
On November 4, 1992, the Companys' registration statement Form S-18 became effective. In the initial public offering, the company sold 12,660 common shares for $11,394. In addition, the company sold 25,000 warrant units for $2500.

RMA CAPITAL FUNDING CORP.
January 31, 1992

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

The company is a development stage company and is devoting substantially all of its present efforts to establishing a new business and its planned principal operations have not commenced and accordingly, no revenue has been derived therefrom.

General and Administrative expense decreased to $761 from $2100 in 1991. Interest Expense increased to $146 in 1992 from none to 1991.

The company continued to meet its cash needs via cash flow from related party loans.

Liquidity and Capital Resources

Net Cash used by Continuing Operations:
Net Cash used by continuing operations in 1992 decreased by $ 3,518 or 77% over 1991. The comparisons of 1992 to 1991 changes in the individual components of operating working capital are affected by numerous increases and decreases in various accounts, none of which had a significant impact on cash used by continuing operations.

Financing Activities:
Financing activities decreased $ 518 from 1991 reflecting lower acquisitions and related borrowings in 1992. On November 4, 1992, the companys' registration statement Form S-18 became effective. In the initial public offering the company sold 12,660 common shares for 11,394. In addition, the company sold 25,000 warrant units for $2500.

RMA CAPITAL FUNDING CORP.
Other Information

ITEM 2. CHANGES IN SECURITIES

The exercise date of the Companys' outstanding Warrants are: Class A is February 4, 1993, Class B is February 4, 1994, and Class C is February 4, 1995.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

The company did not file any reports on Form 8-K during the quarter ending January 31, 1992. The Company was not required to report any material unusual charges or credits to income pursuant to Item 10 (a) or a change in independent accountants pursuant to Item 12 of Form 8-K for the nine months ended January 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant had duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RMA CAPITAL FUNDING CORP.

REGISTRANT

3/16/92
DATE

Joel F. Brownstein
President, Chief Executive Officer
and Chief Financial and Accounting
Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 29, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-6877

SANTA FE FINANCIAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Nevada (State or Other Jurisdiction of Incorporation or Organization)	95-2452529 (IRS Employer Identification No.)

Mailing Address: P. O. Box 80037
San Diego, CA 92138

Street Address: 2251 San Diego Avenue, Suite A-151
San Diego, CA 92110

(619) 298-7201
(Registrant's Telephone Number, including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

(1) Yes _X_ No ___ (2) Yes _X_ No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at April 13, 1992
$.10 Par value	1,144,978 shares

Total Pages: 8

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

SANTA FE FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEET

	February 29 1992 (Unaudited)	May 31 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,350,835	$ 3,496,008
Other current assets	48,189	24,364
Deferred income taxes	45,044	47,832
Current portion of notes receivable (Note 2)	260,246	329,654
Total current assets	3,704,314	3,897,858
Notes receivable from related parties	237,384	159,727
Investments:		
Investment in Justice Investors	3,070,574	2,757,112
Other investments	36,612	36,612
	3,107,186	2,793,724
Furniture and fixtures, at cost, less accumulated depreciation of $83,061 in 1992 and $ 73,031 in 1991	22,178	31,477
Other assets:		
Restrictive cash equivalents	2,428,760	2,131,096
Notes receivable, less current portion	48,708	1,576
Deferred income taxes	3,818	4,358
	2,481,286	2,137,030
Total assets	$ 9,552,348	$ 9,019,816
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 48,365	$ 27,077
Income taxes payable	32,694	104,816
Current portion of long-term debt	5,275	4,776
Total current liabilities	86,334	136,669
Long-term debt, less current portion	6,553	10,593
Accrued legal and trustee fees	1,070,682	1,018,500
Minority interest	2,756,748	2,663,513
SHAREHOLDERS' EQUITY		
Preferred stock - 6-3/4% cumulative, par value $1,000 per share: authorized 2,000 shares; issued and outstanding 1,849.393	1,849,393	1,849,393
Common stock - par value $.10 per share: authorized 1,500,000 shares; issued and outstanding 1,144,978	114,498	114,498
Additional paid-in capital	1,651,214	1,651,214
Retained earnings	2,016,926	1,575,436
	5,632,031	5,190,541
Total liabilities and shareholders' equity	$ 9,552,348	$ 9,019,816

See accompanying notes.

SANTA FE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Quarter Ended February 29/28		Fiscal Year-To-Date Nine Months - February 29/28	
	1992	1991	1992	1991
Revenues:				
Partnership income	$ 314,592	$ 376,997	$ 1,182,040	$ 1,248,783
Interest income	83,966	108,820	292,967	339,494
Dividend income	20	20	60	1,727
Other income	22,377	22,271	71,811	66,893
	420,955	508,108	1,546,878	1,656,897
Costs and expenses:				
Selling, general and administrative	119,097	102,039	374,351	325,205
Interest	276	555	1,206	1,764
Depreciation	2,110	4,246	10,629	13,099
	121,483	106,840	386,186	340,068
Income before income taxes and minority interest	299,472	401,268	1,160,692	1,316,829
Income taxes - estimated	114,285	154,106	469,870	530,520
Minority interest	65,968	81,743	249,332	270,837
Net income	$ 119,119	$ 165,419	$ 441,490	$ 515,472
Net income per common share	$.10	$.14	$.38	$.45
Common shares outstanding	1,144,978	1,144,978	1,144,978	1,144,978

See accompanying notes.

SANTA FE FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended February 29/28	
	1992	1991
OPERATING ACTIVITIES		
Net income	$ 441,490	$ 515,472
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Change in net equity of limited partnership	(313,462)	(374,374)
Minority interest	93,235	133,547
Increase in restricted cash equivalents	(297,664)	(306,427)
Depreciation	10,629	13,099
Change in provision for deferred taxes	3,328	(793)
(Gain) loss in disposal of assets	70	
(Increase) decrease in accounts receivable and other current assets	(23,825)	106,963
Increase (decrease) in accounts payable and accrued expenses	73,470	(17,993)
(Increase) decrease in recoverable income taxes		31,638
Increase (decrease) in income taxes payable	(72,122)	(39,979)
Net cash provided by (used in) operating activities	(84,851)	61,153
INVESTING ACTIVITIES		
Purchase of furniture and fixtures	(1,400)	
FINANCING ACTIVITIES		
Payments on long-term debt	(3,541)	(3,114)
Proceeds from notes receivable	69,619	35,967
Loan to related party	(125,000)	(200,000)
Net cash provided by financing activities	(58,922)	(167,147)
Increase (decrease) in cash and cash equivalents	(145,173)	(105,994)
Cash and cash equivalents at beginning of period	3,496,008	3,533,110
Cash and cash equivalents at end of period	$ 3,350,835	$ 3,427,116

See accompanying notes.

SANTA FE FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The financial statements included herein have been prepared by the Company, without audit, according to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes the disclosures that are made are adequate to make the information presented not misleading. Further, the financial statements reflect, in the opinion of management, all adjustments (which included only normal recurring adjustments) necessary to state fairly the financial position and results of operations as of and for the periods indicated.

It is suggested that these financial statements be read in conjunction with the audited financial statements and the notes thereto included in the Company's Form 10-K.

The results of operations for the nine months ended February 29, 1992 are not necessarily indicative of results to be expected for the full fiscal year ending May 31, 1992.

The unaudited financial statements covering the Company's operations for the nine months of the current fiscal year ended February 29, 1992 reflect the consolidation of its controlled subsidiary, Portsmouth Square, Inc. The accounts of Portsmouth Square, Inc. have been consolidated on the basis of nine months ended December 31, 1991. Effective May 1, 1990, Camall Trucking, Inc., the Company's wholly-owned subsidiary, was liquidated with any remaining assets transferred to the Company. Pursuant to a court order effective June 1, 1991, all of the remaining assets of Bookkeepers, Ltd. and its subsidiaries were transferred to the Company in full settlement of all claims. Since the assets to be transferred were not sufficient to satisfy the claims, a write-down of the note receivable of $109,066 was made at the end of the fiscal year at May 31, 1991.

2. Notes Receivable

As a result of continued delinquent payments on one of the notes receivable transferred from Bookkeepers, Ltd. with a principal balance of $182,533, the Company in late February executed a formal demand for full payment with notification that if payment was not received, we would repossess the four airplanes held as collateral. The balance of this note was accelerated to a current status at February 29, 1992. Three of the planes were secured in early March. The Company is still in the process of locating the fourth plane. It is expected that the sale of this collateral will fully cover the indebtedness plus any related costs and should be accomplished during the year.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

A comparison of the results for the first nine months of the current year ended February 29, 1992 with the same period of the prior year shows a decrease of 6.6% in total revenues; an increase of 13.6% in total expenses; and a decrease of 14.4% in estimated net income. The decrease in both revenues and estimated net income reflects the depressed national economy particularly with respect to the lowered rates of interest earned on investments. Greater receivership costs as well as audit and tax service fees continued to cause increased expenses. We expect operations for the remainder of the current fiscal year to continue to be impacted by the slow economy and do not expect any significant improvement in operating results.

During the current fiscal year, funds were advanced to Brothers Transportation, Inc., an affiliate. During the four months ended September 30, 1991, the Company advanced $105,000 and this amount plus the balance of $20,000 from the prior year was made into an interest bearing demand note on that date. An additional loan of $21,000 was made in February 1992. Cash resources of the Company remain strong although because of the above loan and the decrease in operating profits, the total cash and cash equivalents at the end of the nine months ended February 29, 1992 had decreased by $145,173 from the total balance at the end of the fiscal year at May 31, 1991.

The Company's future income will continue to be derived from their investment in Portsmouth Square as well as other smaller investments unless there is a change in the scope of planned operations of the Company.

PART II - Other Information

Item 1. Legal Proceedings

In the Receivership litigation, Securities and Exchange Commission v. Walter Wencke, et al., United States District Court, Southern District of Califoria, Case No. 76-0783-GT(M), it was ordered, in part, on January 9, 1992 that "... every person with a claim against the Receivership Estate must file a claim on or before February 28, 1992." Notice of this Order was given to known potential claimants by mail and to all others by publication. This claims procedure is a normal action in a receivership case. Only one claim was filed against Registrant. That claim is in the sum of $105,421.00 plus interest. Registrant will vigorously oppose that claim on the grounds that the claim does not apply to Registrant. Registrant does not believe that the claimant will be successful in its pursuit of the claim against Registrant.

Item 2. Changes in Securities

There have been no changes in securities.

Item 3. Defaults Upon Senior Securities

There have been no defaults upon senior securities.

Item 4. Submission of Matters to a Vote of Security Holders

As fully discussed in Registrant's Form 10-K for its fiscal year ended May 31, 1991, Registrant operates under the supervision of a Federal Court-appointed Receiver. As such, no matters will be submitted to a vote of security holders until after the termination of the Receivership.

Item 5. Other Information

Registrant has no information to report under this item.

Item 6. Exhibits and Reports on Form 8-K

(a) There are no exhibits to this report.

(b) No Form 8-K was filed during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange

Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SANTA FE FINANCIAL CORPORATION

Date April 14, 1992 By Gould
R. N. GOULD, President, Chairman of
the Board and Federal Equity Receiver

Date April 14, 1992 By Virginia W Simpson
VIRGINIA W. SIMPSON
Financial Officer

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarter Ended February 29, 1992 Commission File Number 0-19088

SCIGENICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	04-3113567
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
87 CambridgePark Drive, Cambridge, MA	02140
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code (617) 876-1170

None
(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No______

2,090,909 shares of Common Stock-par value $.01 were outstanding on April 13, 1992.

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SCIGENICS, INC.

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SCIGENICS, INC.
(A Development Stage Enterprise)
BALANCE SHEETS
AS OF FEBRUARY 29, 1992 AND NOVEMBER 30, 1991

(In thousands except share data)

ASSETS

	February 29, 1992 (unaudited)	November 30, 1991
CURRENT ASSETS:		
Cash and cash equivalents	$20,533	$22,397
Marketable securities	5,779	5,892
Other current assets	94	223
Total Assets	$26,406	$28,512

LIABILITIES AND SHAREHOLDERS' EQUITY

	February 29, 1992 (unaudited)	November 30, 1991
CURRENT LIABILITIES:		
Accounts payable to Genetics Institute, Inc.	$ 4	$ 189
Accrued expenses	79	143
Total Current Liabilities	83	332
LONG-TERM DEBT (Note 3)	-	-
SHAREHOLDERS' EQUITY (Note 3):		
Callable common stock, par value $.01; authorized 2,500,000 shares; issued and outstanding 2,090,909 shares	21	21
Additional paid-in capital	41,974	41,974
Accumulated deficit	(15,672)	(13,815)
Total Shareholders' Equity	26,323	28,180
Total Liabilities and Shareholders' Equity	$26,406	$28,512

The accompanying notes are an integral part of these financial statements.

SCIGENICS, INC.
(A Development Stage Enterprise)
STATEMENTS OF OPERATIONS

(In thousands except share data)

	Three Months Ended February 29, 1992 (unaudited)	Cumulative from Inception (March 1, 1991) (unaudited)
Interest Income	$ 357	$ 1,331
Costs and Expenses:		
License fee	-	2,500
Research and development expenses	2,119	14,146
General and administrative expenses	95	357
Total Operating Expenses	2,214	17,003
Net Loss	$ (1,857)	$ (15,672)
Net Loss per Callable Common Share	$ (0.89)	$ (7.50)
Weighted Average Callable Common Shares Outstanding	2,090,909	2,090,909

The accompanying notes are an integral part of these financial statements.

SCIGENICS, INC.
(A Development Stage Enterprise)
STATEMENTS OF CASH FLOWS

(In thousands)

	Three Months Ended February 29, 1992 (unaudited)	Cumulative from Inception (March 1, 1991) (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,857)	$(15,672)
Changes in assets and liabilities -		
Other current assets	129	(94)
Accounts payable to Genetics Institute, Inc.	(185)	4
Accrued expenses	(64)	79
Total Adjustments	(120)	(11)
Net cash used by operating activities	(1,977)	(15,683)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	-	(5,892)
Proceeds from sale of marketable securities	113	113
Proceeds from stock offering, net	-	41,995
Net cash provided in investing activities	113	36,216
Net (decrease)/increase in cash and cash equivalents	(1,864)	20,533
Cash and cash equivalents, beginning of period	22,397	-
Cash and cash equivalents, end of period	$20,533	$20,533

The accompanying notes are an integral part of these financial statements.

SCIGENICS, INC.
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 1992
(unaudited)

1. Basis of Presentation

SciGenics, Inc. (the "Company") was incorporated on March 1, 1991. The Company commenced operations on May 31, 1991, to engage in the clinical evaluation and continued development of recombinant human macrophage colony stimulating factor (M-CSF) in North America and early stage research and development of embryonic growth and regulatory proteins (EGRP Factors) worldwide (the "Programs").

The balance sheet as of February 29, 1992 and the statement of operations for the three months ended February 29, 1992 and the statement of cash flows for the three months ended February 29, 1992 are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of these financial statements have been included. Such adjustments consist only of normal recurring items.

2. Initial Public Offering

On May 31, 1991 the Company sold 2,090,909 shares of callable common stock to the public which resulted in net proceeds to the Company of approximately $42 million. Substantially all of the proceeds from the sale will be used to fund research and development activities at Genetics Institute, Inc. ("Genetics Institute") involving M-CSF and EGRP Factors. The shares of callable common stock of SciGenics are subject to a stock purchase option agreement (defined in note 3) pursuant to which Genetics Institute may purchase all (but not less than all) of such shares from holders thereof at stated exercise prices, which increase over time, until expiration of the option on February 28, 1995 (subject to extension through May 31, 1996 in certain circumstances).

3. Agreements and Relationship with Genetics Institute

Development Agreement

The Company has an agreement (the "Development Agreement") with Genetics Institute, under which the Company is obligated to reimburse Genetics Institute for its cost of conducting research and development of the Company's products, M-CSF and EGRP Factors, including $2.1 million incurred by Genetics Institute during the three months ended February 29, 1992.

As of December 31, 1991, Genetics Institute began paying the sum of $1.00 toward development and clinical trials conducted in the M-CSF Program for each $1.00 paid by the Company to Genetics Institute under the Development Agreement, and has agreed to continue up to a maximum of $20.0 million (the "Funding Commitment"). Genetics Institute may terminate the Funding Commitment, in which event, the Program Purchase Option with respect to the M-CSF Program and the Stock Purchase Option (as defined below) will terminate. Assuming that the Funding Commitment is not terminated, it is expected that the amounts payable by the Company to Genetics Institute under the Development Agreement will be fully expended by November 30, 1994. Substantial additional funds will be required to complete the research and development of and to commercialize M-CSF and the EGRP Factors.

SCIGENICS, INC.
(A Development Stage Enterprise)
NOTES TO FINANCIAL STATEMENTS
FEBRUARY 29, 1992
(unaudited)

Technology License Agreement

The Company has an agreement (the "Technology License Agreement") with Genetics Institute under which Genetics Institute granted to the Company an exclusive right and license to certain patent and technology rights for the research, development, use, manufacture and sale of M-CSF in North America and EGRP Factors worldwide for all purposes other than for the inducement, formation, growth, repair, regeneration or treatment of human or animal bone or cartilage.

Stock Purchase Option Agreement

The shares of callable common stock outstanding are subject to a stock purchase option agreement pursuant to which Genetics Institute may purchase all, but not less than all, of such shares of callable common stock from the holders thereof at stated exercise prices, subject to certain adjustments, which increase over time, until expiration of the option on February 28, 1995. The stock purchase option may be extended through no later than May 31, 1996 if and so long as Genetics Institute continues to fund the programs. The stock purchase option exercise price may be paid in cash, in shares of Genetics Institute Common Stock, or in any combination thereof, at Genetics Institute's discretion, generally within 60 days after exercise of the stock purchase option. The exercise periods and related payment that must be made to exercise the stock purchase option are as follows:

Exercise Period	Payment Per Share (2)
On or before May 31,1993	$33.48
From June 1, 1993 to May 31, 1994	41.61
From June 1, 1994 to May 31, 1995 (1)	54.04
From June 1, 1995 to May 31, 1996 (1)	69.83

(1) Continuation of the stock purchase option after February 28, 1995 is contingent upon the continued funding of the programs by Genetics Institute if, as expected, the amounts payable by the Company under the Development Agreement have been fully expended.

(2) From and after the exercise of either program purchase option, the aggregate stock purchase option exercise prices shall be adjusted by deducting amounts (including benchmark payments) paid to the Company pursuant to the exercise of the program purchase price.

Program Purchase Option Agreement

The Company granted to Genetics Institute an option to purchase either or both of the Company's programs at stated exercise prices, which increase over time, until expiration of the option on February 28, 1995. The program purchase option may be extended through no later than May 31, 1996 if and so long as Genetics Institute continues to fund the programs. If Genetics Institute exercises the program purchase option for either program, its program purchase option for the remaining program shall terminate; however, the stock purchase option, with an adjusted stock option exercise price, will remain in effect. The program purchase option exercise price may be paid in cash, in shares of Genetics Institute Common Stock, or any combination thereof, at Genetics Institute's discretion, generally within 60 days after exercise of the programs purchase option. The exercise periods and program purchase option exercise price for each program are as follows:

Exercise Period	Program Purchase Exercise Price	
	M-CSF	EGRP
On or before May 31, 1993	$ 57,500,000	$ 28,750,000
From June 1, 1993 to May 31, 1994	78,200,000	34,500,000
From June 1, 1994 to May 31, 1995 (1)	103,500,000	40,250,000
From June 1, 1995 to May 31, 1996 (1)	131,100,000	46,000,000

(1) Continuation of the program purchase option for each program after February 28, 1995 is contingent upon funding of such program by Genetics Institute if, as expected, the amounts payable by the Company under the Development Agreement have been fully expended.

If Genetics Institute exercises the program purchase option for the EGRP program, Genetics Institute shall pay to SciGenics, in addition to the applicable amount set forth above, $4 million (a benchmark payment) for each EGRP Factor that is identified by Genetics Institute prior to November 30, 1996 and that enters Phase I clinical trials prior to November 30, 2001, provided that (i) no such benchmark payment shall be payable with respect to the first such EGRP Factor that enters Phase I clinical trials and (ii) the maximum aggregate of benchmark payments required to be paid by Genetics Institute shall be $20 million. In the event that Genetics Institute exercises the stock purchase option, no further benchmark payments are required to be made. The program purchase exercise price and any benchmark payment may be paid in cash, in shares of Genetics Institute Common Stock, or in any combination thereof, at Genetics Institute's discretion. Such payments may, but are not required to be used for the further development of the programs.

Services Agreement

The Company has an agreement (the "Services Agreement") with Genetics Institute, pursuant to which Genetics Institute has agreed to provide certain services, including financial, legal and administrative services, to the Company on a fully burdened cost reimbursement basis.

Long Term Debt

The Company has issued a Promissory Note in the principal amount of $100 to Genetics Institute. The note is due on the day following termination of the stock purchase option agreement and may not be prepaid. While the note is outstanding, Genetics Institute has the right to elect the maximum number of directors constituting a minority of the members of SciGenic's Board of Directors and SciGenics may not issue additional capital stock, borrow more than $1 million in the aggregate, declare or pay dividends utilizing funds committed to be paid to Genetics Institute under the Development Agreement or Technology Licensing Agreement, merge, liquidate or sell all or substantially all of its assets without the approval of Genetics Institute.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

SciGenics, Inc. commenced operations on May 31, 1991 and received approximately $42 million upon issuance of 2,090,909 shares of its callable common stock and warrants to purchase 2,090,909 shares of Genetics Institute Common Stock. SciGenics expects to use substantially all of the net proceeds from this offering to engage Genetics Institute to conduct clinical evaluation and continued development of M-CSF and early stage research and development of EGRP Factors.

The shares of callable common stock of SciGenics are subject to an option (the "Stock Purchase Option") pursuant to which Genetics Institute may purchase all (but not less than all) of such shares from the holders thereof at stated exercise prices, which increase over time, until expiration of the option on February 28, 1995. Genetics Institute also has the option to acquire all technology and related rights of SciGenics under either or both of the programs (the "Program Purchase Option").

Significant volatility has been associated with the business and operations of biopharmaceutical companies. Announcements by the Company or its competitors concerning technological innovations, new commercial products, results of clinical trials, developments concerning patents or proprietary rights, results of litigation, the expense and time associated with obtaining requisite government approvals, and public concern as to the safety of biopharmaceuticals may have a significant impact on the Company's business.

Results of Operations

Three Months Ended February 29, 1992. The Company's net loss was $1.9 million or $0.89 per callable common share, for the three months ended February 29, 1992. This loss consisted primarily of expenses incurred under the Development Agreement. Future results are expected to reflect lower interest income as the available cash and marketable securities are used to fund operations.

In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes". The Company intends to adopt the new standard before November 30, 1994, but has not yet determined the timing or method to be used in adoption. The Company does not expect the new standard to have a significant impact on future operations.

Liquidity and Capital Resources

It is expected that the proceeds of SciGenics' public offering will be exhausted in 1994. As of December 31, 1991, Genetics Institute began paying the sum of $1.00 toward development and clinical trials conducted in the M-CSF Program for each $1.00 paid by the Company to Genetics Institute under the Development Agreement, and has agreed to continue up to a maximum of $20.0 million (the "Funding Commitment"). Genetics Institute may terminate the Funding Commitment, in which event, the Program Purchase Option with respect to the M-CSF Program and the Stock Purchase Option (as defined below) will terminate. Assuming that the Funding Commitment is not terminated, it is expected that the amounts payable by the Company to Genetics Institute under the Development Agreement will be fully expended by November 30, 1994. Substantial additional funds are expected to be required to complete the development of and to commercialize M-CSF and to complete research, development and commercialization of any EGRP Factors. If Genetics Institute does not exercise the stock purchase option and to the extent Genetics Institute does not exercise any of the program purchase options, SciGenics will need to find other ways to commercialize the products. If the Genetics Institute Funding Commitment is terminated, the proceeds of SciGenics' public offering could be exhausted substantially sooner than 1994. In any event, there can be no assurance that additional funding will be available to SciGenics on acceptable terms, if at all.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SciGenics will experience significant losses as substantially all of the net proceeds of the public offering are expected to be spent to fund the programs. It is anticipated that SciGenics will not receive any significant revenues unless and until either (i) Genetics Institute exercises one of the program purchase options or (ii) to the extent that Genetics Institute does not exercise either program purchase option, SciGenics successfully commercializes its products.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) No exhibits are filed herewith.

(b) No reports on Form 8-K were filed by the registrant during the first fiscal quarter ended February 29, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SCIGENICS, INC.
(Registrant)

Date: April 13, 1992

Gabriel Schmergel

Gabriel Schmergel, Chairman
(Principal Executive Officer)

Date: April 13, 1992

Garen G. Bohlin,
Vice President and Secretary
(Principal Financial Officer and
Principal Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended April 30, 1991 Commission File Number 0-4186

SEQUENTIAL INFORMATION SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

13-1948169
(I.R.S. Employer Identification Number)

160 Broadway, New York, NY
(Address of principal executive offices)

10038
(Zip Code)

Registrant's telephone number, including area code: (212) 587-9513

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ______ No X

Number of common shares outstanding as of May 6, 1992: 253,455,563

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SEQUENTIAL INFORMATION SYSTEMS, INC.

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Sequential Information Systems, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	April 30, 1991	July 31, 1990
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 142,699	$ 11,991
Receivables - Net of Allowances	595,565	92,295
Inventories - Net	2,219,614	-
Prepaid Expenses and Other Current Assets	68,251	49,744
Total Current Assets	3,026,129	154,030
Property, Plant and Equipment - Net	89,507	36,247
Other Assets:		
Deferred Charges and Other Assets	175,899	174,356
Accounts Receivable - Long Term	201,000	201,000
Notes Receivable	72,940	72,940
Investments - Common Stock	105,158	143,126
Net Assets Reacquired	-	2,324,885
Total Other Assets	554,997	2,916,307
Total Assets	$3,670,633	$3,106,584

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Balance Sheets
(Unaudited)

	April 30, 1991	July 31, 1990
Liabilities		
Current Liabilities:		
Income Taxes Payable	$ 20,219	$ 17,219
Accounts Payable and Accrued Expenses	1,044,649	778,912
Loan Payable - Bank	250,000	-
Notes Payable	443,132	436,543
Security Deposits Payable	3,500	3,500
Current Portion of Obligations Under Capital Leases	10,955	-
Commissions Payable	49,147	-
Accrued Payroll Taxes and Related Expenses	442,722	328,032
Accrued Interest	178,591	129,712
Total Current Liabilities	2,442,915	1,693,918
Long - Term Liability:		
Obligations Under Capital Leases (Less Current Maturities Included Above)	15,066	-
Shareholders' Equity		
Preferred Stock	2,962	2,962
Common Stock	2,534,573	2,534,573
Additional Paid - In Capital	13,975,528	14,061,585
Retained Earnings (Deficit)	<15,300,411>	<15,186,454>
Total Shareholders' Equity	1,212,652	1,412,666
Total Liabilities and Shareholders' Equity	$3,670,633	$3,106,584

See Note to Consolidated Financial Statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

	Three Months Ended April 30,		Nine Months Ended April 30,	
	1991	1990	1991	1990
Revenues				
Fees and Services	$ 306,997	$ 494,707	$1,267,348	$1,538,005
Product Sales	923,931	-	2,724,061	-
Total Revenues	1,230,928	494,707	3,991,409	1,538,005
Direct Costs				
Direct Costs-Fees and Services	280,004	306,284	972,939	1,010,743
Direct Costs-Product Sales	605,452	-	1,872,804	-
Total Direct Costs	885,456	306,284	2,845,743	1,010,743
Gross Profit	345,472	188,423	1,145,666	527,262
Selling, General and Administrative Expenses	347,842	191,447	1,113,911	577,347
Profit (Loss) from Operations	< 2,370>	< 3,024>	31,755	< 50,085>
Other Income (Expenses)				
Interest Expense	< 35,462>	< 23,539>	< 125,921>	< 60,384>
Other Income (Expense)	-	-	< 16,500>	-
Total Other Income (Expenses)-Net	< 35,462>	< 23,539>	< 142,421>	< 60,384>
Income (Loss) Before Provision for Income Taxes	< 37,832>	< 26,563>	< 110,666>	< 110,469>
Provision for Income Taxes	1,000	1,000	3,290	3,000
Net Income (Loss)	$< 38,832>	$< 27,563>	$< 113,956>	$< 113,469>
Income (Loss) per Common Share	$ -	$ -	$ -	$ -
Weighted Average Number of Common Shares	253,457,366	253,457,366	253,457,366	253,457,366

See Notes Consolidated Financial Statements.

Sequential Information Systems, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended April 30, 1991	1990
Cash Flows from Operating Activities		
Net (Loss)	$<113,956>	$<113,469>
Adjustments to Reconcile Net (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	53,765	23,334
Write-off of Customer Lists	16,500	-
Change in Assets and Liabilities:		
(Increase) in Receivables	< 71,193>	< 207,286>
Decrease in Accounts Receivable-Purchased	-	1,012
Decrease (Increase) in Prepaid Expenses	15,719	< 90,747>
Decrease (Increase) in Common Stock Investments	37,968	< 6,677>
Increase in Income Taxes Payable	3,000	3,000
Increase in Accounts Payable and Accrued Expenses	49,586	297,424
Increase in Notes Payable	2,362	37,478
Increase in Accrued Payroll Taxes and Related Expenses	114,690	-
Increase in Accrued Interest	48,879	-
(Decrease) in Security Deposits Payable	-	< 2,500>
Total Adjustments	271,276	55,038
Net Cash-Operating Activities	157,320	< 58,431>
Cash Flows from Investing Activities		
(Increase) Decrease in Deferred Charges and Other Assets	< 723>	11,860
Company Acquired Net of Cash	< 25,889>	-
Payments Received on Notes Receivable	-	52,828
Net Cash-Investing Activities	< 26,612>	64,688
Net Increase in Cash	130,708	6,257
Cash-Beginning of Period	11,991	36,243
Cash-End of Period	$ 142,699	$ 42,500

See Notes Consolidated Financial Statements.

SEQUENTIAL INFORMATION SYSTEMS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

1. In the opinion of the Company, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the company as of April 30, 1991 and July 31, 1990 and the results of its operations for the three and nine months ended April 30, 1991 and 1990 and changes in cash flows for the nine months then ended.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in the July 31, 1990 Sequential Information Systems, Inc. Annual Report which is incorporated by reference on Form 10-K.

2. The results of operations for the nine months ended April 30, 1991 and 1990 are not necessarily indicative of the results to be expected for the full year.

3. Earnings per common share is computed by dividing the net income for the period by the weighted average number of common shares outstanding. Stock options and warrants have not been included in the computation of earnings per common share, as the result would be immaterial.

4. The results of operations for the three and nine months ended April 30, 1990 and changes in cash flows for the nine months then ended have been corrected for a change in accounting for Minority Interest.

5. In August, 1990 Sequential Electronic Systems, Inc.(SES) was reacquired by the Company and accounted for as a purchase. The results of operations of SES is included in the accompanying unaudited financial statements for the three and nine months ended April 30, 1990.

The following summarized pro-forma (unaudited) information assumes the acquisition had occurred on August 1, 1989:

	Three Months Ended April 30, 1990	Nine Months Ended April 30, 1990
Revenues		
Fees and Services	$ 494,707	$1,538,005
Product Sales	663,532	1,848,665
Total Revenues	$1,158,239	$3,386,670
Net (Loss)	$< 2,636>	$< 158,301>
(Loss) Per Share	$ -	$ -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

Cash flow increased approximately $131,000 from $12,000 at August 1, 1990 to $143,000 at April 30, 1991. The increase was attributable to an excess of cash flows provided by operating activities which exceeded cash used in investing activities.

Results of Operations

Nine Months Fiscal 1991 Compared to Nine Months Fiscal 1990

Revenues increased approximately by $2,553,000 compared to the previous fiscal period as a direct result of the consolidation of Sequential Electronic Systems, Inc.(SES). Product sales of SES totalled $2,724,000 offsetting a decrease in consulting fees and service revenues of $271,000 or 18%. Direct costs increased by approximately $1,835,000 as a direct result of the consolidation of SES in the current period.

Interest expense increased approximately $66,000 or 109% as a result of an increase in debt from the prior period.

Third Quarter Fiscal 1991 Compared to Third Quarter Fiscal 1990

Revenues increased approximately $736,000 from the 1990 fiscal quarter. Product sales of SES, a reacquired subsidiary, totalling $924,000 more than offset a decrease in consulting fees and service revenues of $188,000 or 38%. Direct costs increased approximately $579,000 as a direct result of the consolidation of SES.

Interest expense increased approximately $12,000 or 51% from the previous fiscal quarter as a result of an increase in debt from the prior period.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(b) REPORTS ON FORM 8-K - There were no reports on Form 8-K filed for the three months ended April 30, 1991.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEQUENTIAL INFORMATION SYSTEMS, INC.
(Registrant)

LEWIS S. SCHILLER
(President, Chief Executive &
Chief Financial Officer)

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(Date)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 25049

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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For the Quarter Ended February 29, 1992 Commission File No. 2-87458

SOLECTRIC CORPORATION
(Exact name of registrant as specified in its charter)

Colorado (State or other jurisdiction of incorporation or organization)	31-1080392 (I.R.S. Employer Identification No.)
11534 Gondola Drive, Cincinnati, Ohio (Address of principal executive offices)	45241 (Zip Code)

Registrant's telephone number, including area code: (513) 771-1690

Indicate by check mark whether the registrant (1) has filed all reports required to be filed in Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 month (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Class	Number of Shares Outstanding as of February 29, 1992
No Par Value Common Stock	29,058,778

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SOLECTRIC CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)

CONDENSED BALANCE SHEET

(Unaudited)

February 29, 1992 and May 31, 1991

ASSETS	February 29, 1992 (Unaudited)	May 31, 1991 (A)
Current assets:		
Cash	$ 91	$ 1,442
Total current assets	91	1,442
Property and equipment, at cost:		
Machinery and equipment	13,938	13,938
Less accumulated depreciation	13,708	13,708
Net property and equipment	230	230
Patents, less accumulated amortization	593	654
Proprietary photovoltaic solar cell technology, research and development, and other intangible assets	1	1
Other assets	10	10
	604	665
	$ 925	$ 2,337

(A) The May 31, 1991 condensed amounts are from the Company's audited financial statements.

SOLECTRIC CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)

CONDENSED BALANCE SHEET

(Unaudited)

February 29, 1992 and May 31, 1991
(Continued)

LIABILITIES AND STOCKHOLDERS' DEFICIT	February 29, 1992 (Unaudited)	May 31, 1991 (A)
Current liabilities:		
Accounts payable	$ 9,772	$ 14,279
Accounts payable-Alpha Solarco Inc.	522,919	1,168,944
Total current liabilities	532,691	1,183,223
Stockholders' deficit:		
Common stock without par value; 60,000,000 shares authorized, 29,058,778 shares issued and outstanding, at stated value	2,303,490	2,303,490
Additional paid in capital	1,845	1,845
Less equity distribution to Alpha Solarco Inc. for purchase of proprietary photovoltaic cell technology	(950,159)	(950,159)
Deficit accumulated during the development stage	(1,886,942)	(2,536,062)
Total stockholders' deficit	(531,766)	(1,180,886)
	$ 925	$ 2,337

(A) The May 31, 1991 condensed amounts are from the Company's audited financial statements.

See accompanying notes.

SOLECTRIC CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)

CONDENSED STATEMENT OF OPERATIONS
(Unaudited)

Quarters Ended February 29, 1992 and 1991

	1992	1991
Revenues:		
Net sales	$	$
Interest		
Other	97	
	97	
Cost and expenses:		
General and administrative	21,578	28,851
Advertising and promotion		
Research and development	7,591	6,637
	29,169	35,488
Loss before equity in loss of affiliate	(29,072)	(35,488)
Equity in income (loss) of affiliate	67,911	(29,799)
Net income (loss)	$ 38,839	$ (65,287)
Net income (loss) per share	$ (.00)	$ (.00)

See accompanying notes.

SOLECTRIC CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED STATEMENT OF OPERATIONS
(Unaudited)

	9 Months ended February 29, 1992	9 Months ended February 29, 1991	Period from Incorporation (August 4, 1981) to February 29, 1992
Revenues:			
Net sales	$	$	$ 23,920
Interest			109,282
Other	97		9,232
	97		142,434
Costs and expenses:			
Cost of sales			4,250
Development stage expenses incurred by Alpha Solarco Inc. during the period			55,210
Selling			23,106
General and administrative	77,658	89,029	1,222,957
Advertising and promotion			22,509
Research and development	20,029	18,363	206,344
	97,687	107,392	1,534,376
Loss before equity in loss of affiliate	(97,590)	(107,392)	(1,391,942)
Equity in income (loss) of affiliate	746,710	(65,046)	(516,339)
Net income (loss)	$ 649,120	$(172,438)	$ (1,908,281)
Net income (loss) per share	$ .02	$ (.01)	$ (.06)

See accompanying notes.

SOLECTRIC CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED STATEMENT OF CASH FLOWS
(Unaudited)

	9 Months ended February 29,		Period from Incorporation (August 4, 1981) to
	1992	1991	February 29, 1992
Cash flows from operating activities:			
Net income (loss)	$ 649,120	$(172,438)	$(1,908,281)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	61	61	44,079
Equity in (income) loss of joint venture	(746,710)	65,046	652,161
Gain on disposal of equipment			(3,264)
Increase (decrease) in accounts payable	(4,507)	(6,611)	9,773
Increase (decrease) in accounts payable - Alpha Solarco, Inc.	(646,025)	179,381	441,009
Advances to joint venture affiliate	746,710	(65,046)	(548,913)
Net cash provided (used) by operating activities	(1,351)	393	(1,313,436)
Cash flows from investing activities:			
Decrease (increase) in other assets			(10)
Payments for property and equipment			(48,688)
Payment of organization costs			(2,900)
Purchase of patents			(1,225)
Purchase of technology			(1)
Cash distribution to Alpha Solarco, Inc.			(950,159)
Proceeds from sale of equipment			11,175
Net cash used in investing activities			(991,808)
Cash flows from financing activities:			
Net proceeds from issuance of common stock, options and warrants			2,303,490
Paid in capital from Alpha Solarco, Inc.			1,845
Proceeds from long-term borrowing			12,057
Repayment of debt			(12,057)

SOLECTRIC CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED STATEMENT OF CASH FLOWS
(Unaudited)
(Continued)

	9 Months ended February 29, 1992	9 Months ended February 29, 1991	Period from Incorporation (August 4, 1981) to February 29, 1992
Net cash provided by financing activities			2,305,335
Net increase (decrease) in cash and cash equivalents	(1,351)	393	91
Cash and cash equivalents:			
Beginning of period	1,442	1,398	
End of period	$ 91	$ 1,791	$ 91

See accompanying notes.

SOLECTRIC CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)

NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

1. Equity in, and advances to, affiliate

The Company has a 50% equity interest in MSEPG Solar Power Corporation (Solar Corporation), a joint venture company organized on July 27, 1984. Solar Corporation was formed to develop, promote and market a commercially cost-competitive solar electric power generation system utilizing the resources of the Company and Alpha Solarco Inc. (Alpha Solarco Inc. also has a 50% interest in Solar Corporation.) At February 29, 1992, the Company has contributed $1,155,855 of the total $2,669,337 contributed by the joint venture parties to Solar Corporation. The Company's 50% interest in Solar Corporation in excess of its aggregate contributions, have been made by Alpha, and accordingly, have been recorded in the accounts payable - Alpha Solarco account. The joint venture parties will meet periodically to review their contributions of funds and services to Solar Corporation. Based on such contributions, adjustments of ownership interest in Solar Corporation may be appropriate. The Company's equity in the loss of Solar Corporation as of February 29, 1992 is reflected as equity in loss of affiliate in the accompanying financial statements.

Condensed financial data of Solar Corporation at February 29, 1992 and for the period from inception (July 27, 1984) to February 29, 1992 is as follows:

Cash	$ 20
Accounts receivable - Alpha Solarco	1,245,361
Property, equipment and construction in process - net	198,916
Equipment held for resale under the Chinese Joint Venture Agreement	15,361
Total assets	$ 1,459,658
Accounts payable:	
Common Stock	$ 20
Contributions from joint venture parties	2,669,337
Deficit accumulated during the development stage	(1,209,699)

1. Equity in, and advances to, affiliate (continued)

Total liabilities and stockholders' equity	$ 1,459,658
Summary of Results of Operations	
Sales	$ 1,795,502
Cost and expenses:	
Research and development	$ 1,773,640
Selling, general and administrative	1,338,046
Cost of sales	143,657
	$ 3,255,343

2. Related party transactions

The Company shares its principal executive offices and production facility with Alpha and is responsible for one-half of the $ 37,244 annual rental and various other expenses as determined by management. In addition, certain selling, research and development, and other general and administrative expenses (principally salaries and travel expenditures) are allocated by management between the Company, Alpha and Solar Corporation. During the nine months ended February 29, 1992 Alpha charged approximately $ 2,530 of shared and $15,942 allocated general and administrative expenses to Alpha. Expenses allocated to Solar Corporation are as follows:

General and administrative	$ 2,488

On September 10, 1987, the Company and Alpha entered into a promissory note arrangement whereby the Company could borrow from Alpha up to a total aggregate amount of $450,000, (subsequently increased to $1,250,000). The promissory notes require interest to accrue at the rate of 8% per annum. The notes plus accrued interest were due and payable on September 10, 1991. The Company has borrowed $ 522,919 from Alpha Solarco as of February 29, 1992.

3. Development stage operations

The Company has been in the development stage since its incorporation. As a result, it does not, as yet, have significant revenues from the sale of its products and has not commenced its planned principal operations. As shown in the financial statements, the Company has an accumulated deficit of $1,886,942 as of February 29, 1992. The Company's objective, utilizing Alpha and Solar Corporation is the creation and development of a modular solar-electric power generation system ("MSEPG") which will be cost-effective without consideration of governmental supports or incentives.

3. Development stage operations continued

During fiscal 1989, the Company through Solar Corporation obtained land in Pahrump, Nevada and began construction on a demonstration facility. The facility still requires certain technical modifications to be fully operational in the sale of electricity to the City of Pahrump. The facility is used to demonstrate the photovoltaic modular unit, and as a test site for the development of new devices and technology. The ability of the Company or its affiliates to sell the system and or the technology, and to finance its ongoing operations which will require the acquisition of additional capital directly or through affiliates, is not presently determinable and the Company's continuing existence is therefore in doubt.

Management's ability to mitigate these financial conditions are dependent upon Alpha Solarco's ability to raise capital and to obtain government research contracts in order to obtain the funds necessary to continue its development efforts.

The Company expects to receive the capital necessary to produce any ordered products from the purchaser(s) thereof pursuant to a downpayment or irrevocable letters of credit. The Company does not offer extended payment terms and does not allow purchasers to return products.

The financial information contained in this report is unaudited, but, in the opinion of the Company, all adjustments (consisting of normal recurring accruals) which are necessary for a fair presentation of the operating results for the period, have been made.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

Quarter Ended February 29, 1992 as Compared to the Year Ended May 31,1991

On February 29, 1992, Solectric had cash of $91 as compared to $1,442 as of May 31, 1991 and current liabilities of $532,691 as compared to $1,183,223 consisting substantially of monies owed to Alpha Solarco Inc. ("Alpha Solarco") under a promissory note arrangement between Solectric and Alpha Solarco entered into September 10, 1987. During the quarter ended February 29, 1992, Solectric was able to reduce the amount owed to Alpha Solarco under this arrangement by $33,937 as the result of income received from its 50% interest in Solar Corporation, which in turn had received income from the sale of tooling to the Chinese Joint Venture Company. Solectric is illiquid and can be expected to remain illiquid for the foreseeable future.

Results of Operations

Quarter Ended February 29, 1992 as Compared to the Quarter Ended February 28, 1991

For the quarter ended February 29, 1992, Solectric had no sales, and experienced net income of $38,839 (or $.00 per share) compared to a loss of $65,287 (or $.00 per share) for the quarter ended February 28, 1991 (during which period there were also no sales). Net income for the period was entirely the result of its 50% interest in Solar Corporation as described above. Costs and expenses were $29,169 compared to $35,488 for the same period one year earlier, and included general and administrative expenses of $21,578 as compared to $28,851 for the same period one year earlier.

Nine Months Ended February 29, 1992 as Compared to the Nine Months Ended February 28,1991

For the nine months ended February 29, 1992, Solectric had no sales, but experienced net income of $649,120 (or $.02 per share) compared to a loss of $172,438 (or $.01 per share) for the same period one year earlier (during which period there were also no sales). Net income for the period was entirely the result of its 50% interest in Solar Corporation as described above. Costs and expenses for the period were $97,687 as compared to $107,392 for the same period one year earlier, and included general and administrative expenses of $77,658 as compared to $89,029 for the same period one year earlier.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOLECTRIC CORPORATION
(Registrant)

Date: 4/17/92

Edward C. Schmidt, President

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended: March 8, 1992

Commission File
No.: 033020925C

Southern Kitchens, Inc.
(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of incorporation or organization)

41-1451252
(IRS Employer I.D. Number)

1000 Humboldt Avenue North, Minneapolis, Minnesota 55411
(Address of principal executive offices)

(612) 374-3434
(Registrant's telephone number, including area code)

No Change
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

__X__ Yes _______ No

15,000,000 shares of the Registrant's common stock are outstanding as of March 8, 1992.

PART I - FINANCIAL INFORMATION

(30)

ITEM 1. FINANCIAL STATEMENTS.

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NOTE TO CONDENSED SOUTHERN KITCHENS FINANCIAL STATEMENTS

THREE PERIODS ENDED MARCH 8, 1992

The condensed consolidated balance sheet, as of March 8, 1992 and the condensed consolidated statements of operations and cash flows for the quarters ended March 8, 1992 and March 9, 1991. have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments, consisting of only normal recurring accruals, which are, in the opinion of management, necessary for fair statement of financial position, results of operations and cash flows for the periods shown. These statements are condensed and do not include all information required by generally accepted accounting principles to be included in a full set of financial statements. It is suggested that these condensed statements be read in conjunction with the financial statements and notes thereto included in the latest annual report.

SOUTHERN KITCHENS, INC.
BALANCE SHEETS
March 8, 1992 and June 29, 1991

ASSETS

	Mar 8, 1992	June 29, 1991
CURRENT ASSETS		
Cash	3,463	6,515
Trade accounts receivable (less allowance for doubtful accounts: $5,000	290,398	176,664
Accounts receivable - officer and employees	14,935	54
Inventories	230,825	144,207
Prepaid rent	97,825	112,728
Other prepaid expenses	60,658	26,431
TOTAL CURRENT ASSETS	698,103	466,599
PROPERTY AND EQUIPMENT	515,579	313,397
Less accumulated depreciation	(176,023)	(140,023)
	339,556	173,374
OTHER ASSETS		
Customer list (less accumulated amortization: March - $81,740; June - $70,861)	28,260	39,139
Noncompete agreement (less accumulated amortization: March - $55,631; June - $48,214)	19,369	26,786
	47,629	65,925
TOTAL ASSETS	1,085,288	705,898

LIABILITIES AND STOCKHOLDERS' EQUITY

	Mar 8, 1992	June 29, 1991
CURRENT LIABILITIES		
Current maturities of long-term obligations	57,016	57,117
Accounts payable	118,044	79,262
Accured payroll and payroll taxes	52,679	41,182
Accured customer discounts	31,577	8,259
Line of credit	153,000	
TOTAL CURRENT LIABILITIES	412,316	185,820
LONG-TERM OBLIGATIONS, less current maturities	280,583	190,000
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred stock (authorized 100,000 shares; no shares issued and outstanding)		
Common stock, no par value (authorized - 15,000,000 shares; issued and outstanding - 15,000,000 at March 8, 1992 and 11,633,341 at June 29, 1991.	1,112,187	943,854
Common stock subscribed	40,167	208,500
Stock subscription receivable		(15,000)
Accumulated deficit	(759,965)	(807,276)
TOTAL STOCKHOLDERS' EQUITY	392,389	330,078
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,085,288	705,898

see notes to condensed financial statement.

SOUTHERN KITCHENS, INC.

STATEMENTS OF OPERATIONS

(UNAUDITED)

	Three Periods Ended	
	Third Quarter	
	March 8, 1992	March 9, 1991
NET SALES	676,468	614,640
COST OF GOODS SOLD	482,656	398,863
GROSS PROFIT	193,812	215,777
SELLING, GENERAL, AND ADMINISTRATIVE	163,762	194,989
OPERATING INCOME(LOSS)	30,050	20,788
OTHER EXPENSES		
Interest	(11,479)	(6,120)
Product recall		
	(11,479)	(6,120)
GAIN (LOSS) BEFORE EXTRAORDINARY ITEM	18,571	14,668
EXTRAORDINARY ITEM - gain on restructuring		
NET INCOME	18,571	14,668
NET INCOME PER SHARE	$0.00	$0.00
WEIGHTED AVERAGE SHARES OUTSTANDING	15,000,000	6,167,174

see notes to condensed financial statements.

SOUTHERN KITCHENS, INC.

STATEMENTS OF OPERATIONS

(UNAUDITED)

	Nine Periods Ended Third Quarter March 8, 1992	 March 9, 1991
NET SALES	2,019,957	1,842,747
COST OF GOODS SOLD	1,402,112	1,254,918
GROSS PROFIT	617,845	587,829
SELLING, GENERAL, AND ADMINISTRATIVE	546,462	577,889
OPERATING INCOME(LOSS)	71,383	9,940
OTHER EXPENSES		
Interest	(24,071)	(17,500)
Product recall		(304)
	(24,071)	(17,804)
GAIN (LOSS) BEFORE EXTRAORDINARY ITEM	47,312	(7,864)
EXTRAORDINARY ITEM - gain on restructuring		49,762
NET INCOME	47,312	41,898
NET INCOME PER SHARE	$0.00	$0.00
WEIGHTED AVERAGE SHARES OUTSTANDING	15,000,000	6,167,174

see notes to condensed financial statements.

SOUTHERN KITCHENS, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Periods Ended	
	March 8, 1992	March 9, 1991
OPERATING ACTIVITIES		
Net income	47,312	41,898
Adjustment to reconcile net income to net cash provided(used) by operating activities:		
Amortization	18,297	18,297
Depreciation	36,000	33,000
Changes in operating assets and liabilities:		
Trade accounts receivable	(113,735)	(40,367)
Notes receivable - officer	84,903	(171,222)
Officer & employee receivable	(14,881)	11,853
Inventories	(86,618)	(29,539)
Prepaid expenses	(104,227)	(17,597)
Accounts payable	45,706	(153,930)
Accrued payroll and payroll taxes	4,573	(7,382)
Accrued customer discounts	23,318	26,133
	-------	-------
Net cash provided(used) by operating activities:	(59,352)	(288,856)
INVESTING ACTIVITIES		
Purchase of equipment	(202,182)	(129,850)
	-------	-------
Net cash used by investing activities:	(202,182)	(129,850)
FINANCING ACTIVITIES		
Proceeds from Line of credit	153,000	
Proceeds from new loans	172,000	
Proceeds from long-term debt - AP		43,688
Payment of long-term debt	(81,518)	(41,006)
Advances for common stock - creditors		84,830
Advances for common stock - officer	15,000	336,432
Advances for common stock - rent		17,850
	-------	-------
Net cash provided(used) by investing activities:	258,482	441,793
NET DECREASE IN CASH	(3,052)	23,087
CASH		
Beginning of period	6,515	10,843
	-------	-------
End of period	3,463	33,930
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the period for interest	24,071	17,500

see notes to condensed financial statements

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

A. GENERAL.

An additional 3,366,659 shares of the Company's common stock were issued during the period ended March 8, 1992 as required by the Recapitalization Agreement dated October 1, 1990. The shares were issued to The French Accent, Inc. at the request of Sharon Gunberg and Lawrence Kem.

B. NET SALES.

In this third quarter ending March 8, 1992, sales showed a slight increase in year-to-year comparison with 1991 and with last quarter. The Company is pursuing custom manufacturing contracts which should provide a significant increase in annual sales for the coming year.

C. OPERATING COSTS AND EXPENSES.

Raw material food ingredient costs have remained relatively constant. Commodity prices for meats, cheeses and breads have not materially increased. Volume purchase discounts have become available to the company again as a result of its improving financial health. The ratio of selling, general and administrative expenses and costs of goods sold in comparison to net sales has remained relatively constant on a year-to-year basis with some decrease in expenses shown in this quarter.

D. OTHER EXPENSES.

Interest expense increased in this quarter due to higher levels of debt incurred to purchase additional production equipment, and fund growth in accounts receivable and inventory. Occupancy costs remained constant.

E. ANALYSIS OF LIQUIDITY AND CAPITAL RESOURCES.

During this quarter, the Company initiated discussions to secure additional capital. The Company retained Miller & Schroeder Financial, Inc., an investment banker, to review and anlayze the possibility of a secondary offering in conjunction with the merger of the Company with The French Accent, Inc., Margaret Bakers Foods, Inc., and Mr. Z's Fund Raising Corp. The Company and its investment advisors believe that a seconday offering is advisable to provide needed working capital for the Company's continued growth and operations.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

A. In September, 1991, the Company commenced litigation in Hennepin County District Court against Richard Urban, The American Agency, CNA Insurance Company and Valley Forge Insurance Company. By this suit, the Company is seeking payment from its insurance carriers for certain losses incurred in the product recall of October, 1989. The Company maintains that its insurance agent, agency and insurance companies represented that the Company's policy included business loss coverage. Upon submission of the claim to the insurer, the insurer denied the Company's claim on the basis that the Company's policies did not include business loss protection. The Company claims damages in excess of $50,000. As of the date of this report, Answers have been received from the Defendants and the matter is in the discovery stage of the litigation.

B. A former employee of the Company filed an age discrimination claim with the Minnesota Department of Human Rights in July, 1991. The Minnesota Department of Human Rights made a finding of no probable cause in connection with the Complaint. The matter is now closed.

C. In November, 1991, the Company's national sales manager resigned and commenced employment with a competitor. The Company obtained a temporary restraining order which limited the former employee's sales activities. This dispute was settled out of court and the action was dismissed on terms favorable to the Company. This employee's resignation and subsequent events have had no material effect on Company sales or profits.

ITEM 2. CHANGES IN SECURITIES.

During this third quarter, an additional 3,366,559 shares were issued as required by the October 1, 1990 Recapitalization Agreement. The shares were issued to The French Accent, Inc. as directed by Sharon Gunberg and Lawrence Kem. The Company has now issued all of its authorized common stock.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

There has been no default in any payment by the Registrant during this quarter.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no matters submitted to a vote of the Company's shareholders during this second quarter.

ITEM 5. OTHER INFORMATION.

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

A. EXHIBITS.

See Registrant's Annual Report on Form 10-K incorporated by reference for a more detailed discussion of the Recapitalization Agreement and major contracts.

B. REPORTS ON FORM 8-K.

The Registrant has not filed any reports on Form 8-K during the quarter ended March 8, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTHERN KITCHENS, INC.

Dated: [illegible]

Phillip W. Crowley
President/Treasurer/Director

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________ to ________

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Commission File Number 0-17[illegible]

SYNETIC, INC.
(Exact name of registrant as specified in its [illegible]

Delaware (State or other jurisdiction of incorporation or organization)	11-2975182 (I.R.S Employer Identification No.)
100 Summit Avenue Montvale, New Jersey (Address of principal executive offices)	07645 (Zip code)

Registrant's telephone number, including area code: (201) 358-5300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes _X_ No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 12, 1992
Common Stock par value $.01 per share	8,010,448 shares

? 1 of 14

SYNETIC, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SYNETIC, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

ASSETS

	March 31, 1992 (unaudited)	June 30, 1991
CURRENT ASSETS:		
Cash and cash equivalents................	$ 22,279	$ 9,866
Accounts receivable, net of allowance for doubtful accounts and sales returns of $1,407 and $257 at March 31, 1992 and June 30, 1991, respectively...........................	10,750	4,580
Inventories..............................	8,800	4,922
Marketable securities....................	-	14,800
Other current assets.....................	1,328	680
Total current assets..................	43,157	34,848
PROPERTY, PLANT AND EQUIPMENT:		
Land and improvements....................	345	454
Buildings and improvements...............	5,924	5,843
Machinery and equipment..................	11,141	11,049
Furniture and fixtures...................	1,689	1,622
Construction in progress.................	1,691	736
	20,790	19,704
Less: Accumulated depreciation.......	(9,067)	(9,694)
Property, plant and equipment, net....	11,723	10,010
OTHER ASSETS:		
Goodwill and other intangible assets, net of accumulated amortization of $337 and $100 at March 31, 1992 and June 30, 1991, respectively...........	24,513	1,322
Marketable securities....................	87,000	-
Other....................................	4,801	53
Total other assets....................	116,314	1,375
	$171,194	$46,233

The accompanying notes are an integral part of these balance sheets.

SYNETIC, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(in thousands, except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992 (unaudited)	June 30, 1991
CURRENT LIABILITIES:		
Current portion of long-term debt.......	$ 664	$ 666
Accounts payable........................	3,358	692
Accrued liabilities.....................	7,519	2,120
Income taxes payable....................	595	940
Total current liabilities.............	12,136	4,418
LONG-TERM DEBT, LESS CURRENT PORTION......	81,784	1,875
OTHER LIABILITIES.........................	4,874	374
STOCKHOLDERS' EQUITY:		
Preferred stock, $.01 par value; 10,000,000 shares authorized; none issued..............................	-	-
Common stock, $.01 par value; 50,000,000 shares authorized; 8,010,245 and 7,075,925 shares issued and outstanding at March 31, 1992 and June 30, 1991, respectively.........	80	71
Paid-in capital.........................	48,002	18,823
Retained earnings.......................	24,318	20,672
Total stockholders' equity............	72,400	39,566
	$171,194	$46,233

The accompanying notes are an integral part of these balance sheets.

SYNETIC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Quarters and Nine Months Ended March 31, 1992 and 1991

(in thousands, except per share data)

(unaudited)

	Quarters Ended March 31,		Nine Months Ended March 31,	
	1992	1991	1992	1991
Net sales	$15,318	$6,296	$40,754	$17,413
Costs and expenses:				
Cost of sales	11,163	3,574	29,243	10,222
Selling, general and administrative	2,163	1,529	6,306	4,561
	13,326	5,103	35,549	14,783
Operating income	1,992	1,193	5,205	2,630
Other income (expense):				
Dividend income	128	208	463	744
Interest income and other expenses, net.	1,699	(45)	2,413	(161)
Interest expense	(1,502)	(59)	(2,053)	(199)
	325	104	823	384
Income before provision for income taxes	2,317	1,297	6,028	3,014
Provision for income taxes	934	456	2,382	975
Net income	$ 1,383	$ 841	$ 3,646	$ 2,039
Net income per share	$ 0.17	$ 0.12	$ 0.46	$ 0.28
Weighted average shares outstanding	8,278	7,285	7,887	7,262

The accompanying notes are an integral part of these statements.

Page 5 of 14

SYNETIC, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Nine Months Ended March 31, 1992 and 1991

(in thousands)

(unaudited)

	1992	1991
Cash flows from operating activities:		
Net income	$ 3,646	$ 2,039
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,425	1,087
Changes in operating assets and liabilities, net of effects of the acquisitions:		
Accounts receivable, net	377	402
Inventories	(842)	(814)
Other assets	(640)	(150)
Accounts payable	147	140
Accrued liabilities	(1,208)	(261)
Income taxes payable	(277)	371
Other	(195)	4
Net cash provided by operating activities	2,433	2,818
Cash flows from investing activities:		
Net (purchases) sales of marketable securities	(72,605)	4,800
Cash paid for acquired businesses	-	(873)
Capital expenditures	(2,443)	(904)
Other	(1,855)	-
Net cash provided by (used for) investing activities	(76,903)	3,023
Cash flows from financing activities:		
Proceeds of common stock offering, net of underwriting discount	8,756	-
Proceeds from exercise of stock options and 401(k) purchases	372	35
Payments of long-term debt	(593)	(557)
Proceeds from issuance of long-term debt, net of underwriting discount	78,689	-
Other	(341)	-
Net cash provided by (used for) financing activities	86,883	(522)
Net increase in cash and cash equivalents	12,413	5,319
Cash and cash equivalents, beginning of period	9,866	3,707
Cash and cash equivalents, end of period	$22,279	$ 9,026

The accompanying notes are an integral part of these statements.

SYNETIC, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Financial statement presentation:

In the opinion of management, the accompanying consolidated financial statements contain all normal and recurring adjustments necessary to present fairly the financial position of Synetic, Inc. and subsidiaries (the "Company") as of March 31, 1992 (unaudited) and June 30, 1991 (audited), and the results of their operations and their cash flows for the quarters and nine months ended March 31, 1992 and 1991 (unaudited).

The accounting policies followed by the Company are set forth in the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991, which notes are incorporated herein by reference.

The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full fiscal year.

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

(2) Inventories:

Inventories consisted of the following (in thousands):

	March 31, 1992 (unaudited)	June 30, 1991
Raw materials and supplies...	$2,076	$2,293
Work-in-process..............	468	378
Finished goods...............	6,256	2,251
	$8,800	$4,922

(3) Marketables securities:

At March 31, 1992, marketable securities consisted of U.S. Treasury Notes.

(4) Acquisition of the Institutional Division of Rix Dunnington, Inc. and Allcare Medication Services, Inc.:

In September, 1991, the Company acquired the business and assets of the Institutional Division of Rix Dunnington, Inc. and Dunnington Super Drug, Inc. ("Dunnington") for a total consideration of up to $16,000,000. The former owners of Dunnington received 424,652 shares of the Company's common stock valued at $11,500,000 at closing and are entitled to receive up to an additional $4,500,000 which is represented by 166,168 shares of the Company's common stock upon attainment of certain financial targets for the two fiscal years ending June 30, 1993. The Company has the option of paying cash in lieu of issuing shares of the Company's common stock.

In February, 1992, the Company acquired the business and assets of Allcare Medication Services, Inc. ("Allcare") for an initial payment of 226,169 newly-issued shares of the Company's common stock with a then current market value of $10,000,000. The former owners of Allcare may receive an additional payment of up to $5,000,000 upon achievement of certain financial targets for the three calendar years ending December 31, 1994. The Company has the option of making such payments in additional shares of the Company's common stock or cash.

The acquisitions have been recorded using the purchase method of accounting. The excess of the purchase price over the fair value of the assets acquired in these acquisitions is being amortized on a straight-line basis over various periods up to 40 years.

The following summary of the unaudited pro forma consolidated results of operations of the Company for the nine months ended March 31, 1992 and 1991 assumes the acquisitions occurred as of the beginning of the respective periods. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had the acquisitions occurred at the beginning of the respective periods, or which may result in the future. (In thousands, except per share data).

	Nine Months Ended March 31,	
	1992	1991
Net sales..................	$49,469	$41,786
Net income.................	4,333	3,450
Net income per share.......	0.53	0.44

(5) Issuance of debentures and common stock:

In December 1991, the Company issued to the public $80,500,000 aggregate principal amount of its 7% Convertible Subordinated Debentures due 2001 (the "Debentures"). The Debentures are convertible at any time prior to maturity, unless previously redeemed, into shares of the Company's common stock at a conversion price of $40.80 per share, subject to adjustment under certain circumstances.

In December 1991, the Company also issued to the public 265,348 shares of its common stock for $33 per share net of the underwriting discount. The net proceeds of these offerings will be used for general corporate purposes, as well as the Company's acquisition program.

(6) Computation of net income per share:

Net income per share was determined on the basis of the weighted average number of shares of common stock and common stock equivalents outstanding during the applicable periods. Common stock equivalents consist of outstanding stock options as calculated using the treasury stock method. The Debentures, if converted, would not have had a dilutive effect on net income per share during the periods presented.

(7) Supplemental cash flow information (in thousands):

Cash paid during the periods for:	March 31, 1992	March 31, 1991
Interest	$ 142	$214
Income taxes	2,535	596

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations:

Net sales for the quarter and nine months ended March 31, 1992 increased by $9,022,000 or 143% and $23,341,000 or 134%, respectively, over the comparable prior year periods due to (i) the inclusion of Dunnington and Allcare results of operations in the current year which contributed $7,933,000 and $19,890,000 of the respective increases and (ii) increases during the respective periods in the net sales of Porex Technologies Corp. ("Porex") of $1,089,000 or 17% and $3,451,000 or 20%. Porex's sales increase was due principally to increased unit sales of blood serum filters in the healthcare market segment and increased unit sales of writing instrument components in the consumer products area.

Cost of sales for the quarter and nine months ended March 31, 1992 increased by $7,589,000 or 212% and $19,021,000 or 186%, respectively, over the comparable prior year periods. Of these increases, $6,762,000 and $16,792,000 were related to the operations of Dunnington and Allcare for the respective periods, whereas at Porex, the increases of $827,000 or 23% and $2,229,000 or 22% during the periods resulted from the increased unit sales noted above. As a percentage of its net sales, Porex's cost of sales for the quarter ended March 31, 1992 increased to 60% from 57% in the prior year quarter due principally to increased sales of lower margin products in the current quarter, but remained relatively constant at 59% for the nine month periods.

Selling, general and administrative expenses for the quarter and nine months ended March 31, 1992 increased by $634,000 or 41% and $1,745,000 or 38%. Of these increases, $472,000 and $1,267,000 were related to the operations of Dunnington and Allcare during the respective periods, and at Porex increases of $162,000 and $270,000 for the respective periods were due principally to higher personnel costs associated with the increased sales volumes. As a percent of its net sales, Porex's selling, general and administrative expenses were 23% for the quarter and nine months ended March 31, 1992 as compared to 24% and 26% for the comparable prior year periods. These declines were due principally to increased sales which were not proportionately offset by additional selling, general and administrative expenses, since a portion of such expenses are fixed and do not vary directly with sales.

Other income (expense) for the quarter and nine months ended March 31, 1992 increased by $221,000 and $439,000, due to increased investment income which resulted from the investment of the proceeds of the Company's Debenture and common stock offerings, partially offset by increased interest expense associated with the Debentures.

For the quarter and nine months ended March 31, 1992, the effective tax rate was 40% which was greater than the statutory rate due to the inclusion of state income taxes partially offset by investment income subject to a dividend exclusion.

Capital Resources and Liquidity:

The working capital and current ratios of the Company are set forth below:

	March 31, 1992	June 30, 1991
Working capital.....	$31,021,000	$30,430,000
Current ratio.......	3.6 to 1	7.9 to 1

Cash, cash equivalents and marketable securities increased by $84,613,000 during the nine months ended March 31, 1992. This increase was due principally to the proceeds received from the common stock and Debenture offerings during the period. The proceeds of these offerings will be used for general corporate purposes and the Company's acquisition program.

The Company believes that its cash flow from operations and excess funds are sufficient to meet the anticipated working capital requirements of its businesses.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) No exhibits are required to be filed with this report.

(b) During the quarter ended March 31, 1992, the Company filed a current report on Form 8-K dated March 12, 1992 regarding the Company's acquisition of Allcare.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYNETIC, INC.

James V Manning

James V. Manning
Senior Executive Vice President-Finance and Administration and
Chief Financial Officer

Dated: May 14, 1992

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

_X_ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended March 28, 1992 or

___ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period____________to____________

Commission File Number: 0-8588

RECD S.E.C.
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TECHNICAL COMMUNICATIONS CORPORATION
(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of incorporation or organization)

04-2295040
(I.R.S. Employer Identification Number)

11-11

PROCESSED BY
MAY 1992

100 Domino Drive, Concord, MA 01742
(Address of principal executive offices)

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Q-Data Corp. - St. Petersburg, FL

Registrant's telephone number, including area code: 617-862-6035

N/A
(Former name, former address and formal fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes_X_ No____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Number of shares of common stock, $0.10 par value, outstanding as of May 1, 1992 - 1,236,776.

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PART I. Financial Information - Item 1. Financial Statements
TECHNICAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	(Unaudited) March 28, 1991	September 28, 1991
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 6,103,199	$ 5,635,733
Accounts Receivable - Net of Allowances	4,263,404	4,288,732
Inventories (Note 2)	1,214,957	1,529,260
Refundable Income Taxes	421,509	421,509
Other Current Assets	194,249	111,320
Total Current Assets	$ 12,197,318	$11,986,554
Equipment and Leasehold Improvements	1,455,897	1,348,058
Less: Accumulated Depreciation and Amortization	929,131	870,096
	526,766	477,962
Other Assets	124,657	114,695
	$ 12,848,741	$12,579,211
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts Payable	$ 381,200	$ 831,558
Current Portion - Long-term Debt (Note 3)	327,089	327,089
Accrued Liabilities:		
Compensation & Related Expenses	717,360	1,343,238
Other	1,085,892	1,000,903
Accrued Income Taxes	358,390	- - - -
Total Current Liabilities	2,869,931	3,502,788
Long-Term Debt (Note 3)	1,637,954	1,801,498
Deferred Income Taxes	354,638	354,638
Stockholders' equity:		
Common Stock, par value $0.10 per share; authorized 3,500,000 shares; issued and outstanding 1,236,651 shares @ 3/28/92 and 1,234,276 shares @ 9/28/91	123,665	123,428
Additional paid-in capital	1,306,105	1,296,042
ESOP Deferred Compensation (Note 3)	(1,965,043)	(2,128,587)
Retained Earnings	8,521,491	7,629,404
Total Stockholders' Equity	7,986,218	6,920,287
	$ 12,848,741	$12,579,211

The accompanying notes are an integral part of these condensed consolidated financial statements.

TECHNICAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(Unaudited)

	Quarter Ended		Six Months Ended	
	March 28, 1992	March 30, 1991	March 28, 1992	March 30, 1991
Net Sales	$4,448,039	$ 2,517,496	$7,910,085	$6,428,485
Cost of Sales	1,709,278	818,022	3,096,522	2,201,058
Gross Profit	2,738,761	1,699,474	4,813,563	4,227,427
Operating Expenses:				
Selling, General and Administrative Expenses	1,384,817	1,200,283	2,670,967	2,620,754
Product Development Costs	495,344	310,176	938,601	616,118
	1,880,161	1,510,459	3,609,568	3,236,872
Operating Profit	858,600	189,015	1,203,995	990,555
Other Income (Expense)				
Interest Income	91,037	123,588	165,677	187,424
Interest Expense	(49,241)	(39,907)	(98,894)	(73,514)
Other Income	3,632	(372)	3,632	(298)
	45,428	83,309	70,415	113,612
Income Before Income Taxes	904,028	272,324	1,274,410	1,104,167
Income Taxes	269,357	92,588	382,323	375,417
Net Income	$ 634,671	$179,736	$ 892,087	$ 728,750
Earnings Per Common Share: Primary (Note 1)	$ .51	$ .15	$ .72	$ .60
Weighted Avg. Shares Used In Computation	1,236,323	1,226,065	1,235,559	1,224,783

The accompanying notes are an integral part of these condensed consolidated financial statements.

TECHNICAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	Six Months Ended	
	March 28, 1992	March 30, 1991
OPERATING ACTIVITIES:		
Net Income	$ 892,087	$ 728,750
Adjustments to reconcile Net Income to Cash Provided (used) by Operating Activities:		
Depreciation & Amortization	73,291	65,310
CHANGES IN OPERATING ASSETS/LIABILITIES:		
Decrease (increase) in Accounts Receivable	25,328	3,199,947
Decrease (increase) in Inventories	314,303	19,963
Decrease (increase) in Other Current Assets	(82,929)	(23,973)
Decrease (increase) in Other Assets	(9,962)	(1,059)
Increase (decrease) in Accounts Payable and Other Current Liabilities	(991,247)	(1,049,547)
Increase (decrease) in Accrued and Deferred Taxes	358,390	(103,018)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	579,261	2,836,373
INVESTING ACTIVITIES:		
Additions to Equipment & Leasehold Improvements	(122,095)	(145,494)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(122,095)	(145,494)
FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	10,300	40,725
NET CASH PROVIDED BY FINANCING ACTIVITIES	10,300	40,725
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	467,466	2,731,604
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,635,733	4,037,601
CASH AND CASH EQUIVALENTS AT THE END OF THE SECOND QUARTER	$6,103,199	$6,769,205
Supplemental disclosure (see also Note 3):		
Interest Paid	98,894	58,514
Income Taxes Paid	42,207	419,407

The accompanying notes are an integral part of these condensed consolidated financial statements

TECHNICAL COMMUNICATIONS CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FAIR PRESENTATION

The financial information included herein is unaudited. In addition, the financial information does not include all disclosures required under generally-accepted accounting principles because certain note information included in the Company's annual audited financial statements included in the annual report to shareholders has been omitted from this report. The information herein should, therefore, be read in conjunction with the prior year's annual report. However, the financial information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods. The Company considers the disclosures adequate to make the information presented not misleading.

NOTE 1. Earnings Per Share

For the quarter and six-month periods ended March 28, 1992 and March 30, 1991, net earnings per common share are based on the weighted average number of shares outstanding during the period, since the effect of assumed conversion of dilutive employee stock options is not material.

NOTE 2. Inventories

Inventories consisted of the following:

	March 28, 1992	Sept. 28, 1991
Raw Materials	$ 292,717	$ 512,675
Work in Process	922,240	1,016,585
	$1,214,957	$ 1,529,260

NOTE 3. Long-Term Debt

Effective May 1, 1992, the Company and its bank renewed its existing Revolving Line of Credit Agreement. This provides an availability of up to $3,500,000 until May 1, 1993. Borrowings under the line of credit bear interest at the bank's prime rate plus one half percent (1/2%) per annum. The line of credit is secured by a lien on all of the Company's assets and will be used for working capital requirements and to support letters of credit. While there have been no borrowings under the line of credit, availability under the line has been reduced by $1,421,564 as of March 28, 1992 for outstanding letters of credit.

On November 17, 1989, the Company established the Technical Communications Corporation Employees' Stock Ownership Trust for the benefit of its employees. On March 13, 1990, the Trust, the Company and a bank entered into a loan agreement whereby the Trust could borrow up to $2,500,000 through March 31, 1991 to be used to purchase shares of the Company's Common Stock. On March 16, 1990, the Trust purchased 100,000 shares from the President of the Company and his family at the fair market value of $1,212,500. On February 11, 1991, the Trust purchased an additional 90,350 shares from the President of the Company and his family at the fair market value of $1,287,488. In August of 1991, the March 13, 1990 loan agreement was amended to include another bank. Under the amended loan agreement, in August 1991 the second bank assumed $1,360,000 of the prior loan balances. The second bank also extended a loan arrangement which makes $940,000 available to the Trust to be used for future stock purchases by the ESOP Plan. This loan arrangement is available until June 1, 1992. The Company is acting as a guarantor of the loans and, as a result, has recorded the principal balance of such loans on its balance sheet as long-term debt with an offsetting charge to "ESOP Deferred Compensation" within the Stockholders' Equity section.

NOTE 3. Long-Term Debt - Cont.

The March 1990 loan bears interest on the principal amount outstanding at a rate equal to a) 11% through March 31, 1993; b) prime as of April 1, 1993 plus 1/2 of 1% from that date to March 31, 1996; and c) prime as of April 1, 1996 plus 1/2 of 1% from that date to March 31, 1997. The August 1991 loan bears interest at a rate of 9.05% for a three-year term. Principal payments on both loans are designed to be amortized over seven years.

The Company intends to make contributions to the Trust sufficient to pay all principal and interest on the loans when due. Such contributions will be expensed as compensation and interest when made. The principal portion of such contribution amounted to $163,544 for the first six months of fiscal 1992, while the interest portion was $96,894 for the same period. As the principal amount of the loan is repaid, the "ESOP Deferred Compensation" will be reduced accordingly.

NOTE 4. Contingencies

The Company is party to lawsuits and claims arising in the normal course of business. Management believes these will not result in any significant additional liability to the Company.

RESULTS OF OPERATIONS

The Company is in the business of designing, manufacturing and marketing communications security equipment. The Company receives orders for equipment from customers which take several months or longer to design, develop, manufacture and ship. Because the Company recognizes income on such long-term contracts only when products are complete and ready for shipment, the "bunching" of revenues may result. Quarterly comparisons of revenue may, therefore, not be relevant. The Company at all times maintains a sufficient level of staff necessary for product development and its marketing and manufacturing efforts. As a result, its expenses do not fluctuate in tandem with quarterly revenues.

The financial condition of the Company continues to be strong in that current assets are more than four times current liabilities.

Backlog at March 28, 1992 was $3,757,605, representing a 31% decrease from the prior fiscal year-end's backlog of $5,407,697. On April 23, 1992 the Company announced the award of a contract with a potential value of up to $9 million. The initial procurement of $3.2 million under that contract is an addition to the March 28, 1992 backlog.

Net Sales for the quarter ended March 28, 1992 were $4,448,039 as compared to net sales of $2,517,496 for the same quarter of last year. The increase in second quarter shipments is due to the "bunching" explained in the first paragraph of this section. The Company expects to continue its pattern of uneven quarterly revenue performance in fiscal 1992. For the six months ended March 28, 1992 net sales were $7,910,085 as compared to $6,428,485 for the same period of last year. The increase in shipments for fiscal 1992 to date is due to the "bunching" explained in the first paragraph of this section.

Gross profit for the second fiscal quarter was 62% of sales as compared to 68% of sales for the same quarter of the prior fiscal year. The lower margin percentage was a result of the composition of orders shipped in this quarter which included more lower-margin products than the comparable quarter of the prior fiscal year. For similar reasons, gross profit for the first six months of this fiscal year was 61%, while gross profit for the same period of fiscal 1992 was 66%. This reflects a gradual trend towards lower-margin products with an expectation of higher volume potential.

Operating expenses for the second quarter of fiscal 1992 were $1,880,161, compared to $1,510,459 for the same period of fiscal 1991. This increase in operating expenses resulted from an increase in spending on company-funded research and development and marketing expenditures. The contract award announced on April 23, 1992 was the result of a significant portion of these company-funded research and development expenditures. These are also the reasons for the overall increase in Operating Expenses from $3,236,872 to $3,609,568 for the respective six-month periods of fiscal year 1991 and 1992.

Interest expense of $98,894 was paid on the ESOP loan during the first six months of fiscal 1992. This exceeds the interest expense of $73,514 for the first half of the prior fiscal year due to a higher average outstanding balance on the ESOP loan in fiscal 1992.

After-tax earnings for the second quarter were $634,671 or $0.51 per share; the prior fiscal year's second quarter after-tax earnings were $179,736 or $0.15 per share. Earnings for the six-month period ended March 28, 1992 were $892,087 or $0.72 per share; the prior fiscal year's first six-month period ended March 30, 1991 had earnings of $728,750 or $0.60 per share. Fiscal 1992 earnings exceeded the prior year's results because of higher revenue.

Liquidity and Capital Resources

Cash and short-term investments were $6,103,199 as of March 28, 1992, representing an 8% increase from the September 28, 1991 position of $5,635,733 due to earnings during the period, partially offset by changes in assets and liabilities, primarily a reduction in accounts payable. The current ratio remains strong at 4.25:1.

Effective May 1, 1992, the Company and its bank renewed its existing Revolving Line of Credit Agreement. This provides an availability of up to $3,500,000 until May 1, 1993. Borrowings under the line of credit bear interest at the bank's prime rate plus one half percent (1/2%) per annum. The line of credit is secured by a lien on all of the Company's assets and will be used for working capital requirements and to support letters of credit. While there have been no borrowings under the line of credit, availability under the line has been reduced by $1,421,564 as of March 28, 1992 for outstanding letters of credit.

On November 17, 1989, the Company established the Technical Communications Corporation Employees' Stock Ownership Trust for the benefit of its employees. On March 13, 1990, the Trust, the Company and a bank entered into a loan agreement whereby the Trust could borrow up to $2,500,000 through March 31, 1991 to be used to purchase shares of the Company's Common Stock. On March 16, 1990, the Trust purchased 100,000 shares from the President of the Company and his family at the fair market value of $1,212,500. On February 11, 1991, the Trust purchased an additional 90,350 shares from the President of the Company and his family at the fair market value of $1,287,488. In August of 1991, the March 13, 1990 loan agreement was amended to include another bank. Under the amended loan agreement, in August 1991 the second bank assumed $1,360,000 of the prior loan balances. The second bank also extended an open line of credit of $940,000 to the Trust to be used for future stock purchases to the ESOP Plan. This line of credit is available until June 1, 1992. The Company is presently negotiating with the bank to extend this arrangement through June 1, 1993 in the amount of $1,000,000. The company is acting as a guarantor of the loans and, as a result, has recorded the principal balance of such loans on its balance sheet as long-term debt with an offsetting charge to "ESOP Deferred Compensation" within the Stockholders' Equity section.

The March 1990 loan bears interest on the principal amount outstanding at a rate equal to a) 11% through March 31, 1993; b) prime as of April 1, 1993 plus 1/2 of 1% from that date to March 31, 1996, and c) prime as of April 1, 1996 plus 1/2 of 1% from that date to March 31, 1997. The August 1991 loan bears interest at a rate of 9.05% for a three-year term. Principal payments on both loans are designed to be amortized over seven years.

The Company intends to make contributions to the Trust sufficient to pay all principal and interest on the loans when due. Such contributions will be expensed as compensation and interest when made. The principal portion of such contribution amounted to $163,544 for the first six months of fiscal 1992, while the interest portion was $98,894 for the same period. As the principal amount of the loan is repaid, the "ESOP Deferred Compensation" will be reduced accordingly.

PART II. Other Information

Item 1. Legal Proceedings

On February 13, 1985, a former salesman of the Company filed a complaint in Middlesex County Superior Court in the Commonwealth of Massachusetts against the Company, and against the Company's employees Arnold McCalmont (who is also the President and Chairman of the Board of Directors of the Company) and James McCalmont (an employee and currently a Director of the Company) for damages arising out of the termination of the former employee's employment.

On or about May 8, 1987, the Company filed a counter-claim against the former employee regarding certain statements made by the former employee concerning his qualifications and work history.

On April 29, 1992, an agreement was reached to settle these matters without material cost to the Company.

The Company is party to other lawsuits and claims arising in the normal course of business. Management believes these will not result in any significant additional liability to the Company.

PART II. Other Information (continued)

Item 2. Changes in Securities:

Not applicable.

Item 3. Defaults Upon Senior Securities:

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders:

Not applicable.

Items 5. Exhibits and Reports on form 8-K:

a. Exhibits - Statement regarding computation of per-share earnings, reference is made to Note 1 of the Notes to the Condensed Consolidated Financial Statements on Page 4 of this Quarterly Report on Form 10-Q.

b. Reports on Form 8-K - None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TECHNICAL COMMUNICATIONS CORPORATION
(Registrant)

11 May 92
Date

By: Arn McCalmont
ARNOLD M. McCALMONT, PRESIDENT

11 May, 1992
Date

By:
GRAHAM R. BRIGGS, CHIEF FINANCIAL OFFICER

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

REC'D S.E.C.
APR 17 1992
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[X] Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal quarter ended February 29, 1992 or

[ ] Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______ to ______

Commission file number 0-6814

U.S. ENERGY CORP.
(Exact Name of Registrant as Specified in its Charter)

Wyoming State or other jurisdiction of incorporation or organization)	83-0205516 (I.R.S. Employer Identification No.)
877 North 8th West, Riverton, WY (Address of principal executive offices)	82501 (Zip Code)
Registrant's telephone number, including area code:	(307) 856-9271

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ✓ NO ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 13, 1992
Common stock, $.01 par value	4,179,595 Shares

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U.S. ENERGY CORP.

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U.S. ENERGY CORP. AND AFFILIATES

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements.

Condensed Consolidated Balance Sheets

ASSETS

	February 29, 1992 (Unaudited)	May 31, 1991 (Audited)
CURRENT ASSETS:		
Cash	$ 3,105,500	$ 5,592,300
Accounts receivable		
Trade	385,300	394,300
Related parties	2,440,000	3,172,000
Inventory	65,000	21,000
Current portion of notes receivable	3,200	12,000
Deferred compensation	221,700	223,800
Other	47,900	109,100
TOTAL CURRENT ASSETS	6,268,600	9,524,500
INVESTMENTS IN AFFILIATES	3,071,000	5,429,600
PROPERTIES AND EQUIPMENT	17,749,700	9,799,500
Less accumulated depreciation, depletion and amortization	(5,738,200)	(5,238,600)
	12,011,500	4,560,900
OTHER ASSETS:		
Notes receivable:		
Trade	67,200	69,300
Related parties	421,500	420,300
Buildings and improvements held for sale	269,500	269,500
Long-term deferred compensation	12,800	152,900
Deposits and other	115,100	73,100
	886,100	985,100
	$22,237,200	$20,500,100

See notes to condensed consolidated financial statements.

U.S. ENERGY CORP. AND AFFILIATES

Condensed Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY

	February 29, 1992 (Unaudited)	May 31, 1991 (Audited)
CURRENT LIABILITIES:		
Accounts payable - affiliates	$ 366,400	$ 139,500
Accounts payable and accrued expenses	96,000	148,100
Current portion of long-term debt	115,800	238,600
Income tax payable	–	289,800
TOTAL CURRENT LIABILITIES	578,200	816,000
LONG-TERM DEBT ($1,500,000 and $2,250,000 being amortized at a rate of $250,000 per quarter) (See Note 4)	1,969,600	2,518,200
DEFERRED INCOME TAXES	236,800	–
RECLAMATION LIABILITY (See Note 5)	725,900	725,900
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST	1,688,400	246,000
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value; authorized, 100,000 shares; none issued or outstanding	–	–
Common stock, $.01 par value; authorized 10,000,000 shares; issued 4,2[illegible]0,549 and 4,225,549 shares	42,400	42,300
Additional paid-in capital	15,785,400	15,759,900
Retained earnings	2,534,900	1,712,600
Treasury stock, 51,267 shares at cost	(310,100)	(310,100)
Unallocated ESOP contribution	(1,014,300)	(1,010,700)
	17,038,300	16,194,000
	$22,237,200	$20,500,100

See notes to condensed consolidated financial statements.

U.S. ENERGY CORP. AND AFFILIATES

Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended February		Nine Months Ended February	
	29, 1992	28, 1991	29, 1992	28, 1991
REVENUES:				
Operating revenues	$ 767,100	$ 180,500	$ 1,604,000	$ 539,400
Molybdenum property transactions	263,800	266,600	792,500	802,700
Sale of uranium properties	–	–	–	7,193,600
Interest	47,100	122,800	177,700	529,700
Other	90,800	2,200	425,600	5,700
	1,168,800	572,100	2,999,800	9,071,100
COSTS AND EXPENSES:				
Costs of goods sold	508,400	24,200	683,400	89,900
General and administrative	690,000	723,800	1,406,300	1,628,200
Depreciation and amortization	103,300	46,600	290,300	154,600
	1,301,700	794,600	2,380,000	1,872,700
INCOME (LOSS) BEFORE MINORITY INTEREST, EQUITY INCOME (LOSS) OF AFFILIATES, PROVISION FOR (RECOVERY OF) INCOME TAXES AND EXTRAORDINARY ITEM	(132,900)	(222,500)	619,800	7,198,400
MINORITY INTEREST	70,400	–	70,400	–
EQUITY INCOME (LOSS) OF AFFILIATES-NET	69,500	(31,500)	368,900	371,700
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES AND EXTRAORDINARY ITEM	7,000	(254,000)	1,059,100	7,570,100
PROVISION FOR (RECOVERY OF) INCOME TAXES	(28,000)	(66,400)	236,800	1,913,600
NET INCOME BEFORE EXTRAORDINARY ITEM	35,000	(187,600)	822,300	5,656,500
EXTRAORDINARY ITEM Utilization of net operating loss carryforward	(5,400)	–	–	–
NET INCOME (LOSS)	$ 29,600	$ (187,600)	$ 822,300	$ 5,656,500
NET INCOME (LOSS) PER SHARE	$ .01	$ (.05)	$ .20	$ 1.49
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (See Note 6)	4,228,882	3,992,297	4,226,660	3,789,135

See notes to condensed consolidated financial statements.

U.S. ENERGY CORP. AND AFFILIATES

Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended February	
	29, 1992	28, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 822,300	$ 5,656,500
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation, depletion and amortization	290,300	154,600
Gain from restructuring molybdenum property agreements	(750,000)	(750,000)
Equity in (gain) of affiliates	(368,900)	(371,700)
Non-cash compensation expense	142,200	405,700
Minority income	70,400	–
Common stock exchanged for services	25,600	–
Deferred taxes	236,800	–
Gain on sale of uranium property interests	–	(7,193,600)
Write-down of investments	–	101,200
Non-cash expenses	–	110,000
Net changes in components of working capital	457,800	510,900
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	926,500	(1,376,400)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in deposits and other	(42,000)	(94,800)
Increase in mining interest	(3,052,400)	–
Purchase of property and equipment	(517,600)	(288,100)
Proceeds from collection of notes receivable	900	35,400
Increase in long-term receivable	–	(79,200)
Investments in affiliates	–	(4,674,600)
Proceeds from sale of uranium property interests	–	7,560,000
Loan to ESOP	(3,600)	(293,300)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(3,614,700)	2,165,400
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on long-term debt	(114,900)	(20,200)
Addition to long-term debt	316,300	–
	201,400	(20,200)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,486,800)	768,800
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,592,300	4,855,700
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 3,105,500	$ 5,624,500
SUPPLEMENTAL DISCLOSURES:		
Income tax paid	$ 290,000	$ 30,000
Interest paid	$ 11,700	$ 7,800

See notes to condensed consolidated financial statements.

U.S. ENERGY CORP. AND AFFILIATES

Notes to Condensed Consolidated Financial Statements

1) The Condensed Consolidated Balance Sheet as of February 29, 1992, the Condensed Consolidated Statements of Operations for the three and nine months ended February 29, 1992 and February 28, 1991, and the Condensed Consolidated Statements of Cash Flows for the nine months ended February 29, 1992 and February 28, 1991, have been prepared by the Registrant without audit. The Condensed Consolidated Balance Sheet as of May 31, 1991, has been prepared from the audited financial statements included in the Registrant's Annual Report on Form 10-K for the period then ended. In the opinion of the Registrant, the accompanying financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the Registrant as of February 29, 1992 and May 31, 1991, the results of operations for the three and nine months ended February 29, 1992 and February 28, 1991, and its cash flows for the nine months then ended.

2) Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the Registrant's May 31, 1991 Form 10-K. The results of operations for the periods ended February 29, 1992 and February 28, 1991 are not necessarily indicative of the operating results for the full year.

3) The consolidated financial statements of the Registrant include its proportionate share of the accounts of USECB Joint Venture (USECB) which is owned 50% by the Registrant and 50% by the Registrant's subsidiary, Crested Corp. (Crested). The consolidated financial statements at May 31, 1991 and subsequent dates and periods also include the accounts of Four Nines Gold, Inc., which is 51% owned by the Registrant. The financial statements at February 29, 1992, and the quarter then ended include the accounts of USECC Gold Limited Liability Company ("USECC Gold"), which is owned 89% by the Registrant. USECC Gold is the 90% owner of the Sutter Gold Venture ("SGV"). All material intercompany profits and balances have been eliminated.

4) Long-term debt as of February 29, 1992, consists primarily of the balance of $1,500,000 on the non-interest bearing loan from AMAX Inc., which is being amortized $250,000 per quarter, in lieu of advance royalties owed under a mineral property conveyance.

5) Accrued reclamation obligations of $725,900 are the Registrant's share of reclamation liability at the Crooks Gap Mining District. The reclamation work may be performed over several years.

6) Net income per share is computed using the weighted average number of common shares outstanding during the period. The dilutive effect of stock options is not included in the computation, as it is not material. Weighted average common shares outstanding and net income per share for the nine months ended February 28, 1991, have been retroactively restated to account for ten percent stock dividend paid during the second quarter of fiscal 1991.

Item 2. Management's Discussion and analysis of Financial Condition and Results of Operations.

The following is management's discussion and analysis of significant factors which have affected the Registrant's liquidity, capital resources and results of operations during the periods included in the accompanying financial statements.

Liquidity and Capital Resources

Working capital at February 29, 1992, declined by $3,018,100 from working capital amounts at May 31, 1991. Working capital levels were $5,690,400 and $8,708,500, respectively, with current ratios of 10.8 to 1.0 and 11.6 to 1.0 for the respective dates.

The decrease in working capital during the most recently completed nine months was primarily caused by a decrease in cash and cash equivalents of $2,486,800. That decline in the Registrant's cash position was principally the result of cash used in investing activities.

During the nine month period, $3,052,400 of cash was utilized to increase the Registrant's interest in mining ventures, principally the underground gold prospect of Sutter Gold Venture ("SGV"). A $1,722,800 receivable at May 31, 1991, from Seine River Resources Inc. ("SRRI"), the non-affiliated partner in SGV, was transferred to an investment in properties and equipment as a result of SRRI's default on a note payable to the Registrant. In addition, $1,226,000 was invested in SGV's properties by the Registrant during the nine month period to fund permitting and property development.

In other investing activities, $517,600 of cash was used to acquire and improve equipment and fixtures during the most recently completed nine months. Those equipment transactions included $311,300 of acquisitions by the Registrant's construction contractor subsidiary, Four Nines Gold, Inc. ("FNGI").

Financing activities provided $201,400 of cash during the most recently completed nine months. Additions to long-term debt of $316,300, incurred in connection with equipment purchased primarily by FNGI, exceeded the payments on long-term debt for the period. The cash from financing activities, together with the cash provided by operating activities, partially offset the use of cash in investing activities.

The only significant change in the non-cash portion of current assets was a $732,000 decrease in accounts receivable-related parties. The change resulted from the reclassification of indebtedness from SRRI as an investment in SGV. The accounts receivable-related parties at February 29, 1992, include $977,300 payable by the Registrant's principal subsidiary, Crested. The Registrant has agreed to cancel $809,373 of that debt in exchange for approximately 9.1% of Crested's common stock. As a condition to the cancellation of that account receivable, the Registrant is requiring that its shareholders approve a proposal generally allowing shares of the Registrant's stock held by majority-owned subsidiaries to be voted at shareholders' meetings. Giving pro forma effect to the proposed exchange of debt for Crested stock, the accounts receivable-related parties at February 29, 1992, would have been $1,630,627.

As the Registrant and Crested perform various services for affiliated minerals ventures, those affiliates have agreed to reimburse the Registrant and Crested for approved costs. Amounts owing from SMP, SRRI and Green Mountain Mining Venture ("GMMV") accounted for $525,100, $817,700 and $16,100, respectively, of the Registrant's accounts receivable-related parties at February 29, 1992.

The non-affiliated party in SMP, Cycle Resource Investment Corporation ("CRIC") and its parent, NUKEM, Inc. ("NUKEM"), are currently involved in various legal proceedings with the Registrant and Crested. The Registrant and Crested have filed a civil action against CRIC and NUKEM seeking rescission of SMP and other relief. CRIC is not paying its share of amounts incurred by the Registrant and Crested in maintaining the SMP properties. CRIC has also refused to meet a cash call sought by USECC. Substantially all of the $525,100 account receivable from SMP to the Registrant at February 29, 1992, is being challenged in the litigation. There can be no assurance that the amounts recorded as accounts receivable from SMP will be recovered.

The non-affiliated party in SGV, SRRI, has only limited capital resources. To date, SRRI has not paid any of the operating expenses of SGV billed to it. Accordingly, the collection of the $817,700 account receivable-related parties owing from SRRI can not be assured. The Registrant's acquisition of a legal interest in the properties to be operated by SGV is conditioned upon SRRI's provision of a pre-emptive rights notice to a predecessor in interest. Although the Registrant believes that the appropriate notice has been provided, the party entitled to that notice denies that proper notice has been given. The effect of this dispute on the Registrant's interests in SGV can not be predicted.

The primary requirements for the Registrant's working capital continue to be funding of on-going administrative expenses, the permitting and preliminary gold mining operations of SGV, and uranium marketing and property holding costs of SMP. During the most recently completed nine month period, the Registrant and Crested, as operators of SMP, continued their efforts to reduce SMP's property holding costs. These activities included drilling a water disposal well which can be used in lieu of a pump-line in a shaft which required heating in the colder months and significant maintenance and operating costs for the discharge of mine wastewater.

The gains or losses that will be experienced with respect to deliveries under SMP's uranium supply contracts with electric utilities, will depend upon fluctuations in the spot market price for uranium. Future prices of uranium can not be predicted. As a result of this uncertainty, the overall capital requirements for SMP-related activities can not be predicted. Throughout the current year, the partners in SMP have generally been procuring their pro rata shares of SMP's delivery obligations, and providing the uranium so acquired directly to utility customers. As marketing contractor for SMP, NUKEM previously discharged those duties.

SRRI did not make the $2,000,000 of principal payments to the Registrant and Crested that were due during the nine months ended February 29, 1992. The Registrant was to receive 88.9% of any payment on the related note. As a result of the defaults by SRRI, its 50% participation in SGV was reduced to a 10% interest during the nine months. The

Registrant and Crested share SRRI's forfeited interest, 88.9% for the Registrant and 11.1% for Crested. As a result of SRRI's defaults, the Registrant's interest in SGV has been adjusted to 80%, or eight-ninths of the combined 90% interest of the Registrant and Crested. The Registrant's funding obligations for SGV have increased to correspond with its increased participation in SGV. The subsidiary holding the interests of the Registrant and Crested in SGV is USECC Gold Limited Liability Company ("USECC Gold"). USECC Gold is consolidated in the Registrant's financial statements for the quarter ended February 29, 1992. The Registrant and Crested have informally agreed to consider allowing SRRI to restore up to a 50% interest in SGV, should SRRI raise funds enabling it to pay the $2,000,000 owed under its note (with interest), pay its portion of past operating costs and demonstrate its ability to fund its share of SGV's operating expenses. The Registrant is unable to predict whether SRRI will satisfy these conditions.

The additional investments of $3,003,800 by the Registrant in SGV during the nine months ended February 29, 1992, resulted from the reclassification of the $1,777,800 note receivable owing from SRRI to the Registrant as an investment in SGV and $1,226,000 of funding of SGV's operations. The funds used for operating expenses were principally applied towards permitting and development activities at the Lincoln Mine. A mill test of extracted ore has been completed and suggests that gravity separation milling may be satisfactory. It is expected that additional ore will be extracted for further test milling. To reduce project expenses, SRRI has elected, with the approval of the Registrant and Crested, to eliminate approximately $170,000 of annual rental and other costs associated with various leases that are being transferred to non-affiliated parties, or are to be canceled. The elimination of those leases, which are unrelated to the Lincoln Mine project, resulted in a $167,000 charge to general and administrative expenses during the quarter ended February 29, 1992.

Additional sources of capital may be required for the Registrant to continue funding its pro-rata share of the operating expenses and capital expenditures of SGV, the property holding costs of SMP and the uranium marketing expenses associated with SMP's supply agreements. There can be no assurance that cash and financial resources available to the Registrant will be sufficient to fund these capital requirements. An estimate of the long-term deficiency in cash and capital resources, if any, can not be made, due to the uncertainties surrounding the capital requirements.

The Registrant continues to be free of material long-term debt which would require the use of its cash assets. Only minimal cash was used to repay debt in the nine months ended February 29, 1992. Indebtedness to AMAX continues to decline, as AMAX amortized $750,000 of indebtedness during the nine month period, in accordance with a previously negotiated arrangement. The $750,000 was recognized as revenue from molybdenum property transactions.

Results of Operations

Quarter Ended February 29, 1992 Compared to Quarter Ended February 28, 1991

Revenues for the most recently completed quarter increased by $596,700 or 104%, compared to the corresponding quarter of the prior year. That change was attributable to revenues from the sale of minerals, including sales of gold by SGV and uranium by the Registrant as it filled its proportionate share of SMP's contract delivery requirements. During the corresponding period of the prior year, CRIC filled SMP's delivery obligations as marketing contractor. Because SMP is reported by the Registrant on the equity basis, no revenues were recognized in the prior period with respect to the uranium sales conducted by CRIC for SMP. Due to the disagreements among the partners of SMP, each partner has generally been purchasing and delivering its share of the uranium delivery obligations of SMP during recent periods. There were no sales of gold by SGV during the earlier period.

The increase in revenues during the most recently completed quarter was also attributable to a $133,200 increase in equipment rentals. Those revenues were primarily earned in connection with exploration, development and environmental programs conducted on GMMV's properties, and through charges to SMP for equipment supplied by the Registrant and Crested to it. Operating revenues for the most recently completed period include the Registrant's $34,100 share of construction contract revenues recognized by FNGI. During the corresponding period of the prior year, FNGI was not a consolidated subsidiary and was treated as an investment. As a result, no portion of FNGI's revenues was included in the quarter ended February 28, 1991.

The increases in revenues attributable to sales of gold and uranium, equipment rentals and the consolidation of FNGI's operations were partially offset by a $75,700 decrease in interest revenues. Relative to the corresponding period of the prior year, the Registrant held smaller amounts of interest-earning assets during the most recently completed quarter, which earned lower rates of interest.

Costs of goods sold expense increased substantially, primarily as a result of uranium inventory purchases required for the Registrant to satisfy its pro rata share of SMP's delivery obligations, and expenses of extracting and milling gold sold by SGV. The increase in cost of goods sold expense as a percentage of operating revenues, from 13% for the prior year's quarter to 66% for the most recently completed quarter, was due to the sales of gold and uranium during the most recent period. During the prior period, rental revenues, to which there is no corresponding cost of goods sold expense, comprised a much larger portion of the operating revenues.

General and administrative ("G & A") costs declined by $33,800, or approximately 5%. Those costs for the prior year had included the Registrant's $336,000 share of a non-recurring bonus awarded to the Registrant's CEO for assistance in consummating transactions relating to GMMV. The resulting reductions in G & A expenses were partially offset by legal fees associated with the CRIC and other litigation matters, and G & A expenses from the consolidation of FNGI and USECC Gold. Increases in depreciation expenses resulted from equipment purchases and improvements to equipment during the most recently completed period, and from the consolidation of FNGI.

As a result of the acquisition of additional interests in SGV, that subsidiary is now reported on a consolidated basis, compared to the equity method previously used. SGV has had only limited revenues from test mining for mill development, and it remains in the development stage. Permitting and property development expenditures during the most recently completed quarter yielded an operating loss, and the $31,100 portion of that loss attributable to the minority interest of SRRI in SGV is eliminated from the Registrant's statement of operations for the quarter ended February 29, 1992. The remaining $39,300 of the minority interest is attributable to FNGI.

The Registrant's statement of operations included $69,500 of equity income of affiliates for the most recently completed quarter. Equity income of $62,000 and $8,100 was recognized from Crested and The Brunton Company ("Brunton"), a compass and sporting goods product manufacturer and/or distributor. The equity income was partially offset by minor losses of other affiliates. In the corresponding period of the prior year, Brunton had contributed $55,900 of equity income, which was offset primarily by equity losses of $42,800 and $24,100 from SMP and Crested, respectively. The Registrant's share of SMP's operating losses exceeded its basis in that subsidiary at May 31, 1991, so equity losses from SMP are no longer being recognized. During the final quarter of fiscal 1991, the Registrant dissolved an equity affiliate responsible for $28,200 of equity losses during the quarter ended February 28, 1991. No corresponding equity losses were generated in the current period.

For the three months ended February 29, 1992, the Registrant utilized $5,400 of net operating loss carryforwards to offset tax liabilities. In the corresponding period of the prior year, a net loss was reported, so there was no corresponding use of loss carryforwards.

Nine Months Ended February 29, 1992 Compared to Nine Months Ended February 28, 1991

Total revenues declined by $6,071,300 or 67%. During the nine months ended February 28, 1991, the Registrant had recognized $7,193,600 of revenues from the non-recurring sale of certain uranium property interests that are now held by GMMV. No comparable transaction occurred during the most recently completed nine month period. Excluding the revenues from the Green Mountain property transaction, overall revenues increased by $1,122,300 or 60%, relative to the corresponding period of the prior year.

During the nine month period ended February 29, 1992, the Registrant recognized approximately $600,000 of revenues from gold sold by SGV, and uranium sold by the Registrant to fill its share of SMP's delivery obligations. There were no corresponding revenues in the corresponding quarter of the prior year. The Registrant is unable to predict how delivery requirements of SMP will be met in future periods. The revenues from the sale of gold and uranium, together with $448,400 of increases in equipment rentals, and $255,000 of revenues from the consolidation of FNGI resulted in an increase in operating revenues by $1,064,600 or 197%.

The increases in operating revenues were partially offset by declines in interest revenues of $352,000 for the most recently completed nine month period. Lower interest rates were paid on smaller amounts of interest-earning assets. In addition, revenues from molybdenum property transactions declined as molybdenum spot market prices declined.

SGV's mining and test milling expenses, together with uranium inventory purchases necessary to permit satisfaction of SMP's contracts resulted in increased costs and expenses for the most recently completed nine months, compared to the corresponding period of the prior year. Expenses of $996,800 from the consolidation of FNGI and USECC Gold were also experienced for the nine month period, with no comparable expenses for the preceding year. In addition, increased costs resulted from higher levels of depreciable property owned by the Registrant during the most recent period, and from the consolidation of FNGI. These increased expenses were partially offset by reductions in G & A costs allocated to mining projects in which the Registrant participates. G & A expenses for the prior period included the non-recurring bonus paid to the Registrant's CEO. The savings from the absence of a corresponding transaction during the most recently completed nine month period were partially offset by G & A expenses of USECC Gold and FNGI that were included on consolidation.

The aggregate equity income of affiliates was essentially unchanged for the most recently completed nine months, compared to the corresponding period of the prior year. The primary sources of equity income in the most recently completed period were Crested for $321,900 and Brunton for $50,900. In the prior period, the equity subsidiaries contributed income, including $167,900 from Brunton and $430,600 from Crested, which was partially offset by a $154,400 loss from SMP and $72,400 of losses from a now-dissolved subsidiary. As noted above, losses from SMP are not currently being recognized by the Registrant. By virtue of the dissolution of the former subsidiary in fiscal 1991, the activities formerly conducted by it no longer generate equity losses.

As indicated in Note 6 of the Notes to Condensed Consolidated Financial Statements, the weighted average number of shares outstanding and the net income per share for the nine months ended February 28, 1991, have been retroactively restated to give effect to a 10% stock dividend paid to record shareholders of November 1, 1990.

PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K.

(a) Exhibits. None.

(b) Reports on Form 8-K. There were no reports filed on Form 8-K for the quarter ended February 29, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

U.S. ENERGY CORP.
(Registrant)

Date: April 15, 1992

By: ______________________
JOHN L. LARSEN,
Chief Executive Officer

Date: April 15, 1992

By: ______________________
ROBERT SCOTT LORIMER,
Principal Financial Officer and
Chief Accounting Officer

010515
0-35854

Z 18/67
92-2275

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REC'D S.E.C.
MAY 15 1992
[illegible] 103

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992

Commission File No. 0-11030

VOLUNTEER BANCSHARES, INC.
(Exact name of registrant as specified in its Charter)

Tennessee
(State of other jurisdiction of incorporation or organization)

62-1117331
(I.R.S. Employer Identification No.)

One Jackson Place, Jackson, Tennessee
(Address of principal executive offices)

38301
(Zip Code)

Registrant's Telephone Number: (901) 422-9200

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, $1.00 par value
(Title of Class)

120

PROCESSED BY
19-19-V
MAY 18 1992

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Indicate by checkmark whether the registrant ([illegible] required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x   No ____

On April 30, 1992 there were 2,305,194 shares of the Registrant's common stock outstanding.

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0-35854

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92-2275

RECD S.E.C.
MAY 15 1992
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992 Commission File No. 0-11030

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Indicate by checkmark whether the registrant ([illegible] required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No ______

On April 30, 1992 there were 2,305,194 shares of the Registrant's common stock outstanding.

VOLUNTEER BANCSHARES, INC.
and Subsidiaries

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The financial information required by this item is incorporated herein by reference to pages 2-10 of the first quarter shareholder's report, a copy of which is attached hereto as Exhibit 20.	Incorporated By Reference
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	
The information required by this item is incorporated herein by reference to pages 11-13 of the first quarter shareholder's report, a copy of which is attached hereto as Exhibit 20.	Incorporated By Reference
Part II. Other Information	
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PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

(20) Quarterly Report to Shareholders for the period ended March 31, 1992.

(b) Reports on Form 8-K

In January 1992, a Form 8-K was filed regarding a letter from a financial institution indicating an interest in pursuing discussions to acquire all of the outstanding stock of the Company.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VOLUNTEER BANCSHARES, INC.
Registrant

Date: May 14, 1992

By: R Bradley Hancock
R. Bradley Hancock
(Chief Financial Officer)

Corporate Offices
Volunteer Bancshares, Inc.
One Jackson Place
Jackson, Tennessee 38301
(901) 422-6200

Jackson National Bank
Jackson, Tennessee

Milan Banking Company
Milan, Tennessee

First National Bank of Selmer
Selmer, Tennessee

Citizens State Bank
Trenton, Tennessee

VOLUNTEER BANCSHARES, INC.
and Subsidiaries

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Volunteer Bancshares, Inc.

Dear Shareholders:

The financial results for the first quarter certainly start 1992 in good fashion with strong earnings growth and continued financial stability for your Company.

Net income for the first quarter ended March 31, 1992 was $951,000 compared to $708,000 for the quarter ended March 31, 1991, representing a $243,000 or 34.3% increase. Earnings per share were $.41 and $.32 for the quarters ended March 31, 1992 and 1991, respectively. The increase in net income between the first quarter, 1991 and the first quarter, 1992 is primarily due to an increase in net interest income.

Total interest income as of March 31, 1992 and March 31, 1991 was $8,319,000 and $8,425,000, respectively, while total interest expense was $3,863,000 and $4,799,000 for the same periods. Net interest income for the quarter ended March 31, 1992 was $4,456,000, representing an $830,000 or 22.9% increase over the $3,626,000 reported for the quarter ended March 31, 1991. The net interest spread for the Company was 4.15% and 3.54% for the periods ended March 31, 1992 and March 31, 1991, respectively. Although the increase in the Company's net interest spread is primarily the result of lower rates paid on deposits, earning asset yields have been maximized despite several rate declines since the first quarter of 1991.

Total other income was $723,000 for the three months ended March 31, 1992 versus $631,000 for the same three month period a year ago, representing a $92,000 or 14.6% increase. Increases in trust income and service charges on deposits of $21,000 and $57,000, respectively, were the primary sources of this increase.

Total other expenses were $3,327,000 and $2,934,000 for the three months ended March 31, 1992 and 1991, respectively. The $393,000 or 13.4% increase was primarily due to a $49,000 increase in the deposit insurance paid to the FDIC and a $227,000 increase in salaries and employee benefits.

Earning assets were $376,729,000 as of March 31, 1992 compared to $347,175,000 as of March 31, 1991, representing an increase of $29,554,000 or 8.5%. Total assets at March 31, 1992 and 1991 were $400,508,000 and $370,059,000, respectively, representing an increase of $30,449,000 or 8.2%. The increase between March 31, 1991 and March 31, 1992 was primarily the result of the acquisition of Citizens State Bank in Trenton, Tennessee in October 1991.

Total Shareholders' Equity was $34,667,000 and $31,826,000 at March 31, 1992 and 1991, respectively, representing a 8.9% increase. The Company maintains a strong equity position with an 8.66% equity to assets ratio at March 31, 1992. The Company's return on assets was .95% and .79% for the quarters ended March 31, 1992 and 1991, respectively and the return on equity was 10.95% and 9.01% for the same two periods.

On April 2, 1992, Aubrey Patterson, Chief Executive Officer of Bancorp of Mississippi and I jointly announced that a definitive agreement has been signed for Bancorp of Mississippi to acquire Volunteer Bancshares, Inc. The acquisition is subject to various conditions, including approval of the Federal Reserve Board and approval of Volunteer and Bancorp shareholders.

At the Annual Meeting held on April 21, 1992, the shareholders elected six directors and ratified the appointment of Arthur Andersen & Co., as independent public accountants.

The remainder of 1992 will be an exciting time and we are looking forward to being affiliated with Bancorp of Mississippi. We appreciate your continued support during this merger and are happy with the shareholder value it provides, as well as the opportunities for our employees, our customers and the communities we serve.

Sincerely,

Ray U. Tanner
Chairman, President and
Chief Executive Officer

VOLUNTEER BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Condition (Unaudited, in Thousands)

Assets:

Cash and due from banks
Investment securities (market value — $101,813,000 at March 31, 1992, $91,933,000 at December 31, 1991 and $84,074,000 at March 31, 1991)
Federal funds sold
Loans
  Less: Unearned income
    Allowance for possible loan losses
  Net loans
Premises and equipment
Other assets
  Total Assets

Liabilities:

Deposits:
  Non-interest bearing
  Interest-bearing
  Total deposits
Short-term borrowings:
  Federal funds purchased and securities sold under agreements to repurchase
  Interest-bearing demand notes issued to the U.S. Treasury and other liabilities for borrowed money
  Total short-term borrowings
Other liabilities
  Total Liabilities

Shareholders' Equity:

Common stock, par value $1 per share:
  Authorized — 9,000,000 shares;
  Issued and outstanding —
  2,305,194 shares at March 31, 1992;
  2,285,482 shares at December 31, 1991;
  2,230,885 shares at March 31, 1991
Capital surplus
Retained earnings
  Total Shareholders' Equity
  Total Liabilities & Shareholders' Equity

See Notes to Consolidated Financial Statements

	March 31, 1992	December 31, 1991	March 31, 1991
.....	$ 13,088	$ 19,636	$ 13,064
.....	100,504	89,530	83,522
.....	20,350	33,150	27,650
.....	264,980	262,747	243,544
.....	9,106	8,599	7,541
.....	3,239	2,888	2,686
.....	252,635	251,260	233,317
.....	8,137	8,034	7,612
.....	5,794	5,166	4,894
.....	$400,508	$406,776	$370,059
.....	$ 40,231	$ 39,511	$ 36,436
.....	314,011	307,281	276,972
.....	354,242	346,792	313,408
.....	7,863	21,539	21,020
.....	280	801	459
.....	8,143	22,340	21,479
.....	3,456	3,775	3,346
.....	365,841	372,907	338,233
.....	2,305	2,286	2,231
.....	12,591	12,383	11,855
.....	19,771	19,200	17,740
.....	34,667	33,869	31,826
.....	$400,508	$406,776	$370,059

VOLUNTEER BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(Unaudited)

Interest Income
Loans, including fees
Investment securities:
Taxable
Tax-exempt
Federal funds sold
Total interest income

Interest Expense
Deposits
Short-term borrowings
Total interest expense
Net interest income
Provision for possible loan losses
Net interest income after provision for possible loan losses

Other Income
Fiduciary income
Service charges on deposits
Other service charges, commissions and fees
Investment securities gains (losses)
Other
Total other income

Other Expenses
Salaries and employee benefits
Occupancy expense, net
Furniture and equipment expense
FDIC insurance expense
Other
Total other expenses

Income before income taxes
Applicable income taxes

Net Income

Net income per common share
Average shares outstanding

See Notes to Consolidated Financial Statements

	Three Months Ended March 31,	
	1992	1991
	(In Thousands, Except Per Share Amounts and Average Shares Outstanding)	
. . . .	$6,225	$6,464
. . . .	1,410	1,350
. . . .	461	362
. . . .	223	249
. . . .	8,319	8,425
. . . .	3,766	4,472
. . . .	97	327
. . . .	3,863	4,799
. . . .	4,456	3,626
. . . .	541	304
. . . .	3,915	3,322
. . . .	110	89
. . . .	439	382
. . . .	143	144
. . . .	11	(25)
. . . .	20	41
. . . .	723	631
. . . .	1,738	1,511
. . . .	262	253
. . . .	309	375
. . . .	197	148
. . . .	821	647
. . . .	3,327	2,934
. . . .	1,311	1,019
. . . .	360	311
. . . .	$ 951	$ 708
	$ .41	$ .32
	2,300,122	2,229,238

VOLUNTEER BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited, in Thousands)

Cash flows from operating activities:
Net income
Adjustments to reconcile net income to cash provided by operating activities:

Depreciation and amortization
Net accretion of discounts on investment securities
Provision for loan losses
Net (gain) loss on disposition of assets
Increase in other assets
Decrease in other liabilities
Total adjustments
Net cash provided by operating activities

Cash flows from investing activities:

Proceeds from sales and maturities of investment securities
Purchases of investment securities
Net increase (decrease) in loans outstanding
Purchases of premises and equipment and other
Net cash provided by (used in) investing activities

Cash flows from financing activities:

Net increase in demand and savings deposits
Net increase (decrease) in short-term borrowings
Proceeds from issuance of common stock
Dividends paid
Net cash provided by (used in) financing activities

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

Supplemental disclosures of cash flow information:

Cash paid during the period for:

Interest
Income taxes

See Notes to Consolidated Financial Statements

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
	$ 951	$ 708
	224	193
	(333)	(355)
	541	304
	(11)	24
	(685)	(350)
	(323)	(200)
	(587)	(384)
	364	324
	7,920	6,907
	(18,549)	(4,042)
	(1,915)	469
	(327)	(729)
	(12,871)	2,605
	7,450	12,319
	(14,197)	461
	283	138
	(377)	(367)
	(6,841)	12,551
	(19,348)	15,480
	52,786	25,234
	$33,438	$40,714
	$ 3,931	$ 4,894
	$ 69	$ 228

VOLUNTEER BANCSHARES, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

Balance, January 1, 1991 . . . .
Net Income . . . .
Sale of Common Stock:
  Dividend Reinvestment Plan . . . .
  Optional Cash Purchases . . . .
Cash Dividends Declared on
  Common Stock – $.16½ per share . . . .
Balance, March 31, 1991 . . . .

Balance, January 1, 1992 . . . .
Net Income . . . .
Sale of Common Stock:
  Dividend Reinvestment Plan . . . .
  Optional Cash Purchases . . . .
Cash Dividends Declared on
  Common Stock – $.16½ per share . . . .
Balance, March 31, 1992 . . . .

See Notes to Consolidated Financial Statements

VOLUNTEER BANCSHARES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Unaudited)

Summary of Accounting Policies

The accompanying consolidated financial statements have been prepared, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. These condensed financial statements should be read in conjunction with the financial statements and related notes contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1991. The condensed financial information for December 31, 1991 has been summarized from audited financial statements as of that date.

In the opinion of management, all adjustments and disclosures are of a normal recurring nature and the statements summarize fairly the financial position of the Company as of March 31, 1992.

Common Stock		Capital	Retained	
Shares	Amount	Surplus	Earnings	Total
(In Thousands, Except Number Of Shares)				
2,215,593	$2,216	$11,721	$17,399	$31,336
			708	708
13,729	14	119		133
1,563	1	15		16
			(367)	(367)
2,230,885	$2,231	$11,855	$17,740	$31,826
2,285,482	$2,286	$12,383	$19,200	$33,869
			951	951
14,121	14	147		161
5,591	5	61		66
			(380)	(380)
2,305,194	$2,305	$12,591	$19,771	$34,667

December 31, 1991, and March 31, 1991, the results of operations for the three months ended March 31, 1992 and 1991, and cash flows for the three months ended March 31, 1992 and 1991 and changes in shareholders' equity for the three months ended March 31, 1992 and 1991. All significant intercompany transactions have been eliminated.

Reference is made to Note 1 of the Notes to Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 1991, for a description of the more significant accounting policies of the Company and its subsidiaries.

Investment Securities

The estimated market value of investment securities was $101,813,000, $91,933,000 and $84,074,000 at March 31, 1992, December 31, 1991 and March 31, 1991, respectively.

Investment securities carried at approximately $45,078,000, $53,301,000 and $47,544,000 were pledged to secure public funds, trust balances and other balances on deposit as required by law, at March 31, 1992, December 31, 1991 and March 31, 1991, respectively.

Notes to Consolidated Financial Statements (continued)

Allowance for Possible Loan Losses

Activity in the allowance for possible loan losses was as follows:

	1992	1991
	(In Thousands)	
Balance at January 1	$2,888	$2,664
Add (Deduct):		
Losses charged to reserve	(130)	(458)
Recoveries credited to allowance	140	176
Provision for possible loan losses	341	304
Balance at March 31	$3,239	$2,686

Income Taxes

The difference between the Company's effective income tax rate and the statutory Federal income tax rate is due primarily to the effect of tax-exempt income from municipal securities which totalled $461,000 and $362,000 for the three month periods ended March 31, 1992 and 1991, respectively.

In February 1992, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard (SFAS) No. 109, "Accounting for Income Taxes" effective for fiscal years beginning after December 15, 1992. A requirement of SFAS No. 109 is that deferred tax liabilities or assets at the end of each period be determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Accordingly, under the new rules, income tax provisions will increase or decrease in the same period in which a change in tax rates is enacted. Previous rules required providing deferred taxes using rates in effect when the tax asset or liability was first recorded, without subsequent adjustments solely for tax rate changes. When the Company adopts the new accounting rules, it may record the cumulative effect in that year or it may restate prior financial statements, including the financial statements presented in this quarterly report. The Company has not decided when to adopt SFAS No. 109 or whether to restate prior financial statements when adoption occurs. Based on a preliminary analysis, management does not believe the adoption of SFAS No. 109 will have a material effect on the Company's consolidated financial position or results of operation.

Acquisition

On April 3, 1992, Ray U. Tanner, Chief Executive Officer of Volunteer Bancshares, Jackson, Tennessee, and Aubrey Patterson, Chief Executive Officer of Bancorp of Mississippi, jointly announced that the two companies have signed a definitive agreement for Bancorp of Mississippi to acquire Volunteer Bancshares. Under the agreement, Volunteer Bancshares shareholders will receive .7769 shares of Bancorp of Mississippi stock for each share of Volunteer Bancshares stock, subject to certain possible adjustments. Based upon the existing market price of Bancorp's Common Stock, the total value of the transaction exceeds $87.5 million. The acquisition is subject to various conditions, including approval of the Federal Reserve Board and approval of Volunteer and Bancorp shareholders.

VOLUNTEER BANCSHARES, INC. AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

The financial statements presented herein are based in part on estimates and include all adjustments which, in the opinion of management, are necessary for a fair presentation of the results of operations in interim periods. These interim results do not necessarily reflect the results anticipated for the entire fiscal year.

Net Income

Net income for the first quarter of 1992 compared to 1991 was $951,000 and $708,000, respectively, representing a $243,000 or 34.3% increase. Earnings per share for the first quarter of 1992 were $0.41 compared to $0.32 for the same period a year ago. The increase in first quarter 1992 net income was primarily attributable to an improved net interest spread resulting from a decline in interest rates. Applicable income taxes for the first quarter of 1992 were $360,000 or 27.5% of income before income taxes compared to $311,000 or 30.5% for the same quarter of 1991.

Interest Income

Interest and fees earned on loans were $6,225,000 for the first three months of 1992 compared to $6,464,000 for the same period of 1991 reflecting a $239,000, or 3.7% decrease. The decrease in interest on loans for the first quarter of 1991 compared to the first quarter of 1992 was due to a declining interest rate environment. At March 31, 1991 the average yield on loans was 10.89% compared to 9.55% at March 31, 1992. Net loans at March 31, 1992 of $252,635,000 have increased by $19,318,000, or 8.3% from $233,317,000 at March 31, 1991 while increasing slightly by $1,375,000 from $251,260,000 at December 31, 1991. The interest earned on investment securities decreased from $1,712,000 for the three months ended March 31, 1991 to $1,671,000 for the three months ended March 31, 1992. Balances associated with these securities were $100,504,000 at March 31, 1992 and increased by $16,982,000 from $83,522,000 at March 31, 1991 and by $10,974,000 from $89,530,000 at December 31, 1991. Earning assets were $376,729,000 and $347,175,000 as of March 31, 1992 and 1991, respectively, representing a $29,554,000, or 8.5% increase, and when compared to December 31, 1991, have decreased slightly by $99,000 from $376,828,000. The overall yield on earning assets, on a fully tax equivalent basis, was 9.01% and 10.11% for the three month periods ended March 31, 1992 and 1991, respectively. The decrease in the yield was primarily due to lower interest rates which also accounted for the decrease of $106,000 or 1.3% in interest income to $8,319,000 at March 31, 1992 compared to $8,425,000 at March 31, 1991. Average earning assets as a percentage of average total assets for the first three months of 1992 were 93.8% compared to 93.5% for the same period in 1991.

Interest Expense

Total interest expense for the first three months of 1992 was $3,863,000 compared to $4,799,000 for the same period last year, representing a $936,000, or 19.5% decrease and was $4,562,000 for the three months ended December 31, 1991 representing a $699,000, or 15.3% decrease. Interest expense on deposits was $3,766,000 for the three months ended March 31, 1992 compared to $4,472,000 for the same period last year, a decrease of $706,000, or 15.8%. Although deposit balances have increased by $40,834,000 or 13.0%, since March 31, 1991 and by $7,450,000 or 2.2% since December 31, 1991, overall lower interest rates paid on deposits resulted in the decline in interest expense. The composite cost of funds was 4.86% and 6.57% for the periods ended March 31, 1992 and 1991, respectively.

Net Interest Income

Net interest income was $4,456,000 versus $3,626,000 for the quarters ended March 31, 1992 and 1991, reflecting an increase of $830,000, or 22.9%. The net interest spread of the Company was 4.19% and 3.54% for the three months ended March 31, 1992 and 1991, respectively. The increase in the Company's net interest spread is primarily the result of lower rates paid on deposits.

Provision for Possible Loan Losses

The provision for possible loan losses is the charge to income necessary to maintain the allowance for possible loan losses at a level considered adequate to absorb potential future losses on existing loans. The provision for possible loan losses was $541,000 for the quarter ended March 31, 1992 compared to $304,000 for the same period of 1991. Loans charged against the allowance, less recoveries, were $190,000 for the three months ended March 31, 1992 compared to $202,000 for the three months ended March 31, 1991. The allowance for possible loan losses was $3,239,000, $2,888,000 and $2,686,000 at March 31, 1992, December 31, 1991 and March 31, 1991 respectively, and as a percentage of gross loans net of unearned income was 1.27%, 1.14% and 1.14%, respectively. Of the $553,000 increase in the allowance for possible loan losses between March 31, 1991 and March 31, 1992, $244,000 is the result of the Citizens State Bank, Trenton, Tennessee acquisition in October, 1991. The remainder of the increase resulted from management's continuing philosophy to maintain a strong allowance for loan losses in light of a general weakening of economic conditions over the past year. Non-performing and restructured loans were $5,152,000 as of March 31, 1992, up slightly from $4,980,000 as of December 31, 1991. The Company had non-performing loans of $4,327,000 as of March 31, 1992 and $4,948,000 as of December 31, 1991, representing 1.69% and 1.95% of total loans net of unearned income as of those dates, respectively. The decrease in non-performing loans was primarily the result of the restructuring of a loan previously classified as non-performing. Restructured loans were $825,000 and $32,000 at March 31, 1992 and December 31, 1991, respectively. Management believes that potential losses from the loan portfolio have been properly considered in determining the adequacy of the allowance for possible loan losses based on an evaluation of the loan portfolio, past loan loss experience and current economic conditions.

Non-Interest Income and Expense

Total non-interest income increased $92,000 or 14.6% comparing the first three months of 1992 with the first three months of 1991. Trust income was $110,000 compared to $89,000 for the three months ended March 31, 1992 and 1991, respectively, representing an increase of $21,000 or 23.6%, primarily due to an increase in the number of trust accounts serviced. Service charges on deposits increased $57,000 or 14.9% between the same two three month periods, which is primarily attributable to pricing changes to various products to recover a portion of the increase in the Federal Deposit Insurance Corporation (FDIC) insurance expense. Security transactions, which fluctuate from time to time based on market conditions, resulted in gains of $11,000 and losses of $25,000 for the three month periods ending March 31, 1992 and March 31, 1991, respectively. Total non-interest expense increased $393,000 between the first three months of 1991 and 1992. This increase is primarily attributable to increases of $227,000 in salaries and employee benefits expense and $49,000 in FDIC insurance paid on deposit balances. The acquisition of Citizens State Bank, Trenton, Tennessee in October 1991 represented approximately $238,000 or 60.6% of the $393,000 increase in total non-interest expense between the first quarters of 1991 and 1992.

Capital

In 1990, the regulatory authorities which supervise the activities of the Company and its banking subsidiaries approved guidelines concerning measurement of risk exposure in banking organizations relative to capital. The measurement, known as Risk-Based Capital, divides capital into two categories: Tier I, which is primarily limited to shareholders' equity, and Tier II, which is composed mainly of the allowance for loan losses. Each tier is divided by risk-weighted assets, including on-and-off balance sheet items. Risk weightings are intended to reflect the creditworthiness of assets and off-balance sheet items. The new risk-adjusted capital guidelines became effective in the first quarter of 1991, with final guidelines to be in place by year-end 1992. The required minimum capital standards as of March 31, 1992 were 3.625% and 7.25% for Tier I and Total Risk-Based Capital, respectively. By December 31, 1992, the required minimums for Tier I and Total Risk-Based Capital are 4.0% and 8.0% respectively. At March 31, 1992, the Company had risk-weighted assets totalling approximately $284,000,000. At March 31, 1992, Tier I and Total Risk-Based Capital as a percentage of risk-weighted assets were 12.2% and 13.4%, respectively, which exceeded required minimum levels by approximately $24,353,000 and $17,466,000, respectively. During 1990, regulators also established a new minimum leverage capital ratio (Tier I Capital divided by total assets, less goodwill) of 4.00%. At March 31, 1992, the Company's leverage capital ratio was 8.60%, exceeding required minimum levels by approximately $18,411,000.